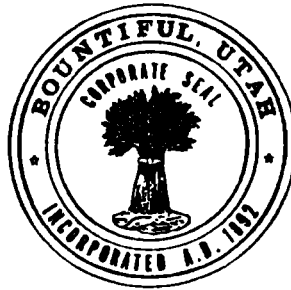


CITY OF BOUNTIFUL, UTAH
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006



Prepared by:

Bountiful City Administrative Services

Galen D. Rasmussen, MPA, CPA
Administrative Services Director

Treasury Department
Mark O. McRae, CMFA
City Treasurer

Administrative Department
Kim J. Coleman, CPA
Finance Director/City Recorder

Ralph T. Hill, Jr., CPA
**Assistant Finance Director/
Deputy City Recorder**

Information Systems Dept.
Alan M. West
Information Systems Manager

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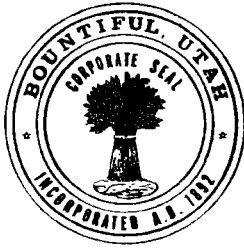
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INTRODUCTORY SECTION



BOUNTIFUL

City of Beautiful Homes and Gardens

JOE L. JOHNSON

MAYOR

CITY COUNCIL
RICHARD L. HIGGINSON
BARBARA HOLT
R. FRED MOSS
JOHN S. PITT
THOMAS B. TOLMAN

CITY MANAGER

THOMAS R. HARDY

October 2, 2006

To the Mayor, City Council and Citizens of Bountiful City,

State law requires that all local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Bountiful for the fiscal year ended June 30, 2006.

This report consists of management's representations concerning the finances of the City of Bountiful. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Bountiful has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Bountiful's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Bountiful's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Bountiful's financial statements have been audited by Jensen & Keddington, P.C., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Bountiful, for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Bountiful's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the government

The City of Bountiful was incorporated December 14, 1892 under the laws of the Territory of Utah. The City is governed using a manager form of government. The City Manager is the chief administrative and budget officer of the City. The Mayor is part of a six member elected body (five City Council Members) that develops policy and enacts local laws. The Mayor and Council Members are each elected for a four year term to serve the citizens at large. The terms of office are staggered every two years (three council seats in one year and two council seats and mayor in the next election). The Council is organized into committees over the functional areas/departments of the City, typically comprised of three elected officials each. The City Manager and department directors comprise the Executive Management Team that operates the City day-to-day and recommends priorities to the Mayor and City Council.

The City provides the following services: public safety, parks and recreation (parks, cemetery, pool, ice arena, recreation programs and golf), public works (engineering, planning and streets), public utilities (electricity, water, sanitation, landfill and storm water), and general government (legislative, executive, legal, administrative services).

The City limits cover an area of 13.46 square miles. The City's estimated population for 2006 is 43,350 with a potential for approximately 45,000 residents at build-out within four to five years.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered in the specific environment within which the City of Bountiful operates.

Local economy. Bountiful is located in south Davis County and serves as a center for business activity within the south Davis County area. The City is host to a large regional hospital, major retail providers, car dealerships and professional firms.

Long-term financial planning. Bountiful prides itself in conservative financial management and prudent financial planning. The City maintains a pay-as-you-go financing mechanism for the majority of capital facility needs but also utilizes the debt markets as market conditions become favorable and need arises. The City prepares and regularly updates its ten-year capital improvement plan to ensure that capital needs are identified and funded. Operating budgets are reviewed extensively and balanced annually with conservatively estimated revenues.

Cash management policies and practices. Cash, temporarily idle during the year, was invested in U.S. Treasury and Agency securities in addition to certificates of deposit. Investments are made in compliance with the City's investment policy which models State law. This policy has been adopted by resolution of the City Council and certified by the Association of Public Treasurers of the United States and Canada, and the policy is updated periodically. Information regarding the types, amounts and risks of investments held is contained in note 2 of the notes to the financial statements. The investment maturities can range from one day to 3 years. The average maturity of the portfolio at the end of the fiscal year was approximately six months. The average yield for the entire year was 3.86%. Yields and amounts include increases in fair value during the current year. However, increases in fair value do not necessarily represent trends that will continue or cash that will be available. It is not always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

Risk management. Bountiful is self-insured for general liability and workers' compensation, and internal service funds have been established to assist with administration of these two insurance programs. Resources have been accumulated in these two funds for payment of claims. In addition, safety programs and other measures to reduce loss have been implemented. The City has insurance policies covering errors and omissions, property (buildings and contents), and excess liability.

Pension and other post-employment benefits. The City participates in the State of Utah Retirement Systems for all full-time permanent employees. The City also provides deferred compensation plans under IRS code sections 401(k) and 457. These plans are administered by outside managers and administrators on behalf of the City and its employees.

Awards and Acknowledgments

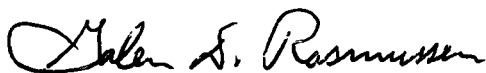
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bountiful for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR which satisfied both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

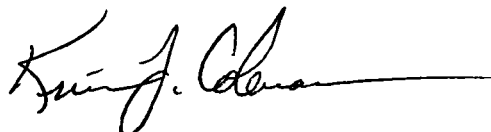
We appreciate all who contributed in any way toward the preparation of this comprehensive annual financial report. Their assistance has enabled us to bring together all of the data necessary to complete the report. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the departments which comprise Administrative Services. In particular we express appreciation to Ralph T. Hill, Jr., CPA who, as Deputy City Recorder and Assistant Finance Director, played a key role in the preparation and production of this report. Recognition and thanks also go to Mark O. McRae, City Treasurer, and Alan M. West, Information Systems Manager, for their efforts and support during the audit and throughout the year.

Most importantly, we express our sincere thanks and appreciation to Mayor Joe Johnson, members of the City Council and City Manager Tom Hardy for the many hours they spend in helping to run the City organization and to maintain the quality of life enjoyed by citizens of this great community.

Sincerely,



Galen D. Rasmussen, MPA, CPA
Administrative Services Director



Kim J. Coleman, CPA
Finance Director & City Recorder

**CITY OF BOUNTIFUL
PRINCIPAL OFFICIALS
June 30, 2006**

ELECTED OFFICIALS

Joe L. Johnson
Richard L. Higginson
Barbara Holt
R. Fred Moss
John S. Pitt
Thomas B. Tolman

Mayor
City Council Member
City Council Member
City Council Member
City Council Member
City Council Member

EXECUTIVE BUDGETARY AND LEGAL OFFICIALS

Thomas R. Hardy
Russell L. Mahan
Galen D. Rasmussen, CPA

City Manager
City Attorney
Administrative Services Director

STATUTORY APPOINTED OFFICIALS

Kim J. Coleman, CPA
Mark O. McRae, CMFA

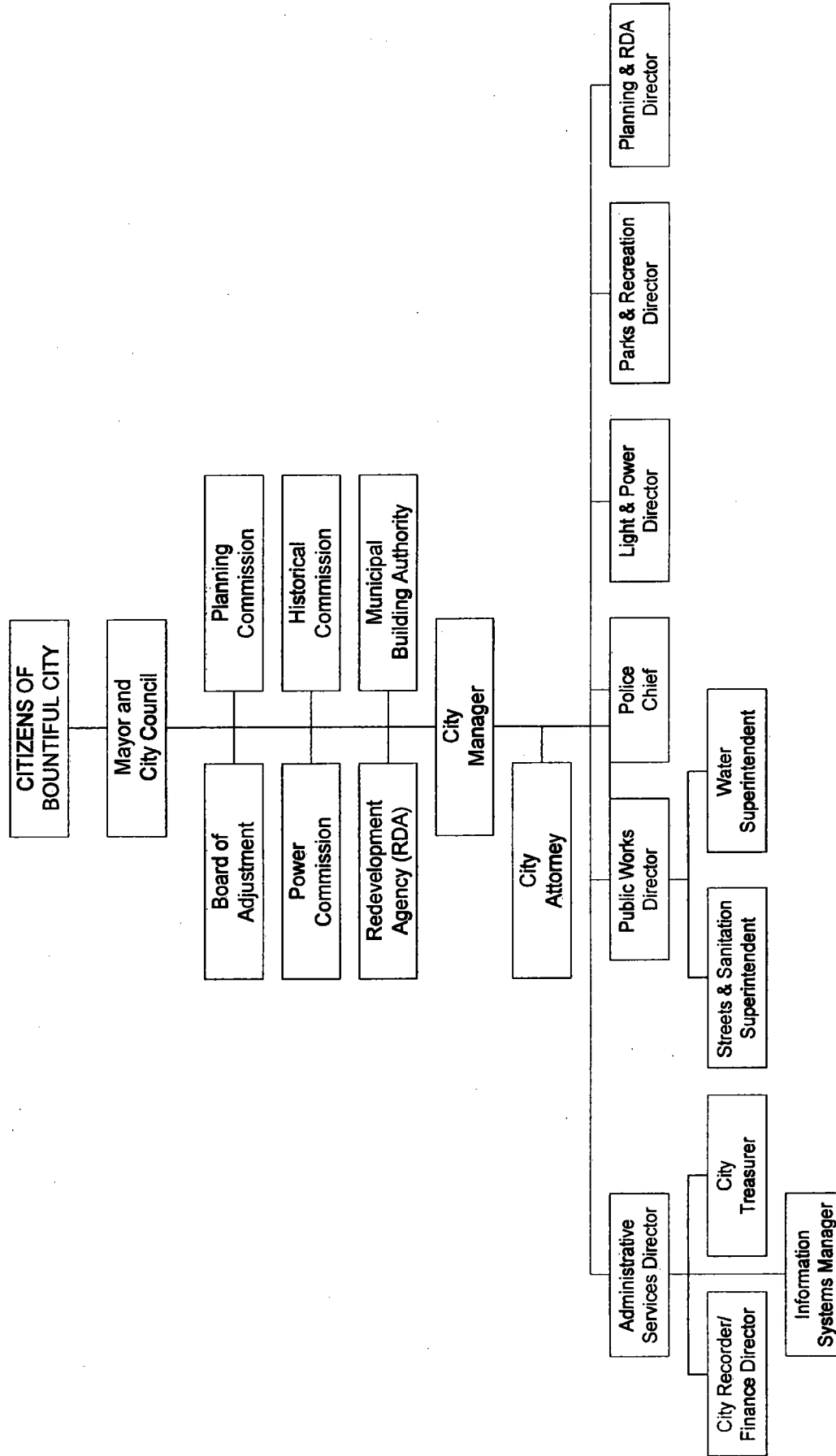
City Recorder & Finance Director
City Treasurer

DEPARTMENT HEADS

Gary E. Blowers
Aric A. Jensen
E. Neal Jenkins
Clifford C. Michaelis
Paul C. Rapp
Paul C. Rowland, PE/LS
Alan M. West
David M. Wilding, PE

Streets & Sanitation Superintendent
Planning & Redevelopment Director
Parks & Recreation Director
Light & Power Director
Police Chief
Public Works Director
Information Systems Manager
Water Superintendent

CITY OF BOUNTIFUL **ORGANIZATIONAL CHART** **June 30, 2006**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bountiful,
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Fudge

President

Jeffrey R. Emmer

Executive Director

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FINANCIAL SECTION



Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
City of Bountiful
Bountiful, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bountiful as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bountiful's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bountiful as of June 30, 2006, and the respective changes in financial position, and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, as noted on the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 2, 2006 on our consideration of the City of Bountiful's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Bountiful's basic financial statements. The introductory section, supplementary information, as listed in the table of contents and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements listed as supplemental information in the table of contents has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section, impact fee schedule, and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

James D. Reddington

October 2, 2006

**CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2006**

As management of the City of Bountiful, we offer to readers of the City of Bountiful's financial statements this narrative overview and analysis of the financial activities of the City of Bountiful for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of the City of Bountiful exceeded its liabilities at June 30, 2006 by \$187,684,203. Of this amount, unrestricted net assets of \$70,887,302 may be used to meet the government's ongoing obligations to citizens and creditors.
- The total net assets increased by \$4,710,416 from the prior year. Of this amount \$3,525,293 was associated with governmental and \$1,185,123 with business-type activities.
- As of the close of the current fiscal year, the City of Bountiful's governmental funds reported combined ending fund balances of \$31,976,054, an increase of \$3,972,722 in comparison with the prior year. Of this amount, \$29,050,267 is unreserved and available for spending. The remaining \$2,925,787 has been reserved due to legal restrictions involving parties outside the financial reporting entity.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,107,765, or 16.60% of total general fund expenditures.
- The City of Bountiful's bonded debt obligations decreased by the net amount of \$631,000. The decrease was attributable to principal payments on the existing Municipal Building Authority Lease Revenue Bonds in the amount of \$479,000 and Special Assessment Bonds in the amount of \$152,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Bountiful's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. These statements are designed to provide readers with a broad overview of the City of Bountiful's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the year ended June 30, 2006

Overview of the Financial Statements (Continued)

Government-wide financial statements (continued)

The governmental activities of the City of Bountiful include general government, public safety, highways and streets, planning and engineering, parks, and redevelopment. The business-type activities of the City include water, light and power, landfill, storm water, golf, recreation, sanitation and cemetery.

The government-wide financial statements include not only the City of Bountiful itself (known as the primary government), but also a legally separate Redevelopment Agency and a Municipal Building Authority which are both component units of the City. Financial information for these component units is reported entirely within the primary government report. A separate set of financial statements is also prepared for the Redevelopment Agency.

Fund financial statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Bountiful can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The City maintains seven individual governmental funds. Information is presented separately in the governmental funds balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Project Fund and Redevelopment Agency Fund, which are considered major funds. Data from the other four funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Bountiful adopts a one-year budget for its General Fund, Capital Projects Fund and Redevelopment Agency Fund. A budgetary comparison statement has been provided for each of the aforementioned funds to demonstrate compliance with the fiscal year 2006 budget.

Proprietary funds. The City of Bountiful maintains two different types of proprietary funds, namely enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains eight individual enterprise funds. Information is presented separately in the proprietary statement of net assets and the proprietary statement of revenues, expenses and changes in fund net assets for the Water Fund, Light and Power Fund and the Landfill Fund, which are considered major funds. Data from the other five funds are combined into a single aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City of Bountiful uses internal service funds to account for its

CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the year ended June 30, 2006

Overview of the Financial Statements (Continued)

Proprietary funds (continued)

workers compensation and risk management activities. Because these services benefit both governmental and business-type functions, they have been allocated to both governmental activities and business-type activities in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

Fiduciary funds. These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. The combining statements referred to earlier, in connection with non-major funds and internal service funds, are presented immediately after the basic financial statements. Also included are budget comparisons for governmental funds other than the General, Redevelopment Agency, and Municipal Building Authority Funds.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2006, the City's assets exceeded liabilities by \$187,684,203. By far the largest portion of the City's net assets (60.58%) reflects its investment in capital assets, less any related debt which is still outstanding, used to acquire those assets. Capital assets are used to provide services to citizens, and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Bountiful's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Current and other assets	\$ 41,891,870	\$ 46,350,789	\$ 37,953,989	\$ 40,356,012	\$ 79,845,859	\$ 86,706,801
Capital assets	79,735,001	78,769,444	43,449,928	43,003,449	123,184,929	121,772,893
Total assets	121,626,871	125,120,233	81,403,917	83,359,461	203,030,788	208,479,694
Long-term liabilities outstanding	9,197,279	8,815,428	492,223	512,175	9,689,502	9,327,603
Other liabilities	7,503,045	7,852,965	2,864,454	3,614,923	10,367,499	11,467,888
Total liabilities	16,700,324	16,668,393	3,356,677	4,127,098	20,057,001	20,795,491
Net assets:						
Invested in capital assets, net of related debt	71,268,430	70,692,139	43,449,928	43,003,449	114,718,358	113,695,588
Restricted	3,284,509	3,101,313	-	-	3,284,509	3,101,313
Unrestricted	30,373,608	34,658,388	34,597,312	36,228,914	64,970,920	70,887,302
Total net assets	\$ 104,926,547	\$ 108,451,840	\$ 78,047,240	\$ 79,232,363	\$ 182,973,787	\$ 187,684,203

CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the year ended June 30, 2006

Government-wide Financial Analysis (Continued)

An additional portion of the net assets, \$3,101,313 (1.65%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$70,887,302 (37.77%), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year the City is able to report positive balances in all three categories of net assets (for the government as a whole, as well as for its separate governmental and business-type activities).

City of Bountiful's Changes in Net Assets

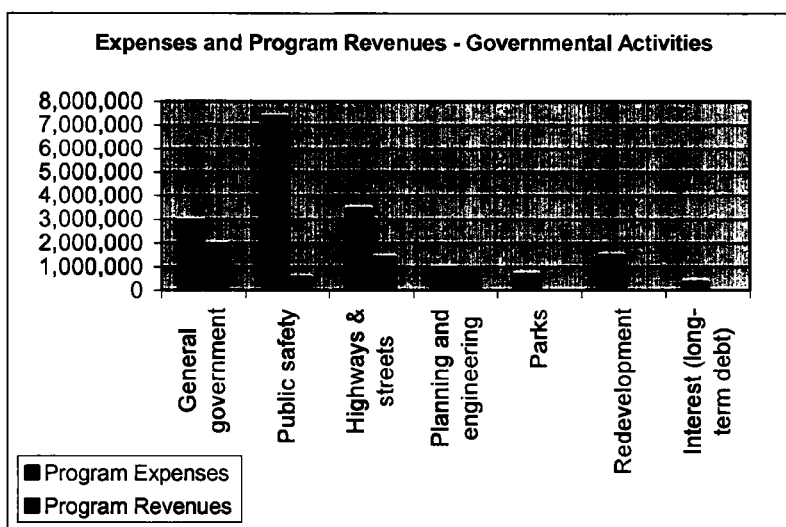
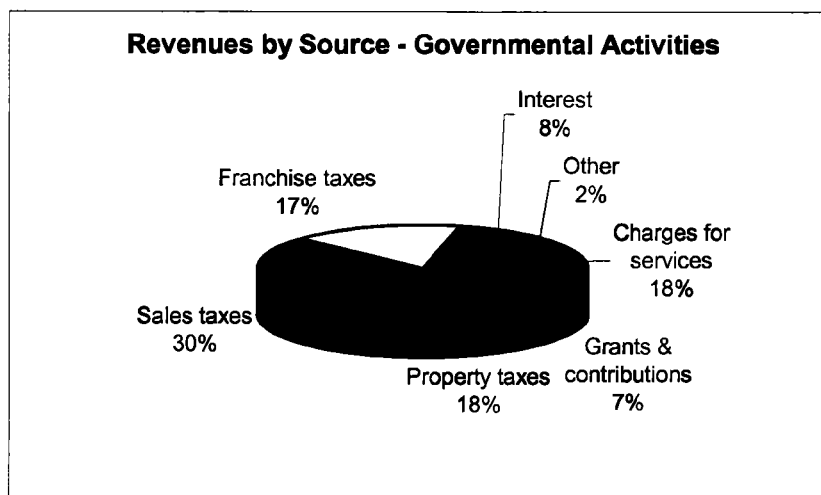
City of Bountiful's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Revenues:						
Program revenues:						
Charges for services	\$ 3,122,542	\$ 3,341,596	\$ 27,369,251	\$ 29,494,921	\$ 30,491,793	\$ 32,836,517
Operating grants and contributions	1,130,144	1,323,644	-	-	1,130,144	1,323,644
Capital grants and contributions	533,800	62,362	537,465	673,468	1,071,265	735,830
General revenues:						
Property taxes	3,118,929	3,313,916	-	-	3,118,929	3,313,916
Other taxes	7,980,961	8,769,369	-	-	7,980,961	8,769,369
Other	847,793	1,821,294	624,016	1,047,196	1,471,809	2,868,490
Total revenues	16,734,169	18,632,181	28,530,732	31,215,585	45,264,901	49,847,766
Expenses:						
General government	2,728,127	2,950,798	-	-	2,728,127	2,950,798
Public safety	7,233,939	7,348,694	-	-	7,233,939	7,348,694
Highways and streets	3,307,057	3,443,672	-	-	3,307,057	3,443,672
Planning and engineering	959,797	964,072	-	-	959,797	964,072
Parks	655,328	686,785	-	-	655,328	686,785
Redevelopment	368,906	1,431,999	-	-	368,906	1,431,999
Interest on long-term debt	386,903	353,735	-	-	386,903	353,735
Water	-	-	2,556,365	2,569,321	2,556,365	2,569,321
Light and Power	-	-	19,641,972	19,933,617	19,641,972	19,933,617
Landfill	-	-	1,137,119	897,504	1,137,119	897,504
Storm Water	-	-	1,109,633	1,034,785	1,109,633	1,034,785
Golf Course	-	-	1,109,632	1,081,306	1,109,632	1,081,306
Recreation	-	-	1,450,748	1,447,709	1,450,748	1,447,709
Sanitation	-	-	672,534	710,080	672,534	710,080
Cemetery	-	-	262,639	283,273	262,639	283,273
Total expenses	15,640,057	17,179,755	27,940,642	27,957,595	43,580,699	45,137,350
Increase in net assets before transfers	1,094,112	1,452,426	590,090	3,257,990	1,684,202	4,710,416
Transfers	1,628,449	2,072,867	(1,628,449)	(2,072,867)	-	-
Increase (Decrease) in net assets	2,722,561	3,525,293	(1,038,359)	1,185,123	1,684,202	4,710,416
Net assets - beginning of year	102,203,986	104,926,547	79,085,599	78,047,240	181,289,585	182,973,787
Net assets - end of year	\$ 104,926,547	\$ 108,451,840	\$ 78,047,240	\$ 79,232,363	\$ 182,973,787	\$ 187,684,203

CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the year ended June 30, 2006

Government-wide Financial Analysis (Continued)

Governmental activities. Governmental activities increased the City's net assets by \$3,525,293. When combined with the \$1,185,123 increase in net assets from business-type activities, overall net assets increased by \$4,710,416 or 2.57%. The graphs presented below reflect regular operating revenues only and not the effects of special one-time items or transfers. The increase in net assets from Governmental activities was \$802,732 more than last year's increase. Primary contributors were: 1) increased revenues of \$1,900,000 (sales taxes, \$600,000; interest earned on investments, \$550,000; charges for services, \$200,000; franchise taxes, \$150,000; other sundry revenues, \$400,000) and 2) increased expenditures in the Redevelopment program of \$1,100,000 related to the construction of a new recreation facility.



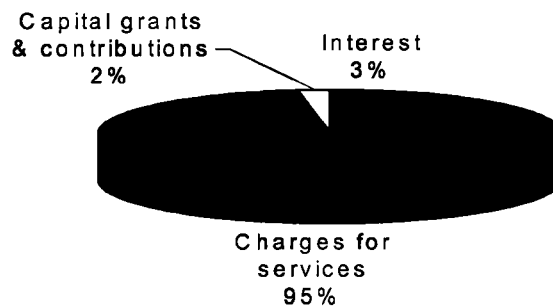
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CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the year ended June 30, 2006

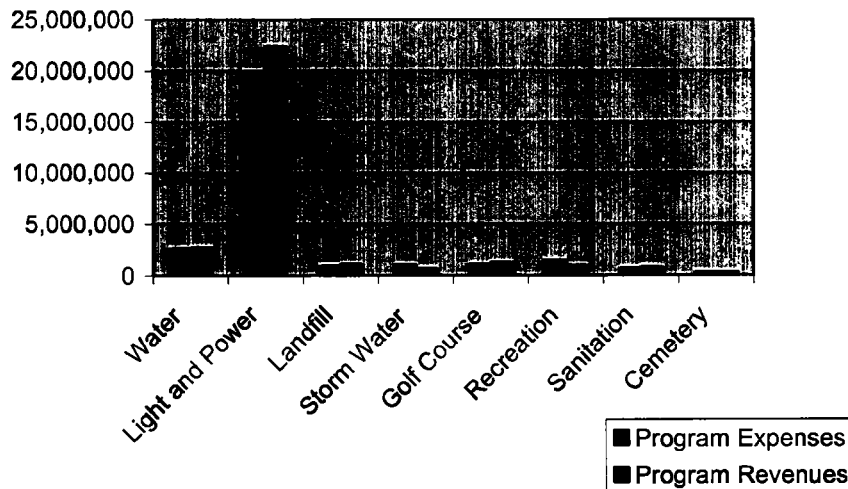
Government-wide Financial Analysis (Continued)

Business-type activities. Business-type activities increased the City's net assets by \$1,185,123. When combined with the \$3,525,293 that governmental activities added to net assets, overall net assets increased by \$4,710,416. The graphs presented below, and on the next page, contain regular operating revenues only and not the effects of special one-time items or transfers. A key element contributing to the increase in the net assets of business-type activities was increased charges for services from all funds, which increased in the amount of \$2,125,670. The biggest single contributor was \$1,436,230 additional electric metered sales to customers based on a combination of demand for services and seasonal weather effects.

Revenues by Source - Business-type Activities



Expenses and Program Revenues - Business-type Activities



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CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the year ended June 30, 2006

Financial Analysis of the Government's Funds

As noted earlier, the City of Bountiful uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The purpose of these funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2006, the City's governmental funds reported combined ending fund balances of \$31,976,054, an increase of \$3,972,722 in comparison to the prior year. Of this amount, \$29,050,267 (90.85%) is unreserved fund balance, which is available for spending at the government's discretion. Of the unreserved fund balance \$26,987,087 has been designated by the City Council for subsequent years' capital expenditures and other uses, leaving an unreserved undesignated amount of \$2,063,180. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) contracted construction (\$279,034), 2) future landfill closure costs (\$695,441), 3) perpetual care of the City's cemetery (\$1,123,891) and 4) debt service (\$827,421).

The General Fund is the City's chief operating fund. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2,107,765, which comprises the total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved (and total) fund balance represents 16.60% of total General Fund expenditures. The fund balance of the City's General Fund decreased by \$17,389 during the current fiscal year. This represents a .05% change in fund balance, which is the result of very moderate changes in overall revenues and expenditures.

The Capital Projects Fund has a total fund balance of \$22,859,581, all of which is unreserved but designated. This fund accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the City (other than those financed by proprietary funds and special revenue funds). During the year ended June 30, 2006, the fund balance in the Capital Projects Fund increased \$4,240,862. This growing fund balance will be used to finance the projects listed in the City's 10-year capital improvement plan.

The Redevelopment Agency Fund has a total fund balance of \$4,082,921, all of which is unreserved but designated.

Proprietary funds. These funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water, Light and Power, and Landfill funds at the end of the year were \$9,225,812, \$14,113,160 and \$7,168,203 respectively. The increase in total net assets was \$492,133, \$313,107 and \$499,242 for those same funds, respectively, after the effect of any special items. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The final General Fund budget was higher than the original budget due to a \$5,000 increase in the Treasury department to cover additional maintenance expenses, \$6,000 in salary related costs of the Parks department for seasonal work, and \$17,492 related to the purchase of new digital video systems for the Police department.

Each year the City seeks to adopt budgets for revenues and expenditures that will be conservative estimates of what will ultimately transpire. Due to a variety of factors, revenues and expenditures will vary from budget. In the case of the 2006 fiscal year, the following analysis is offered as explanation of significant variances of \$250,000 or greater.

CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the year ended June 30, 2006

Taxes. The General Fund is largely supported by taxes, one of the most significant of which is sales tax. State law allows cities to also record sales tax revenue in the Capital Projects Fund to meet local needs for capital improvement. During fiscal year 2006 the City recorded more sales tax revenue in the Capital Projects Fund than originally anticipated, resulting in a smaller portion going to the General Fund.

Licenses and Permits. For fiscal year 2006, permit revenues were higher primarily due to receipt of large commercial development permits for the Village on Main Street project. The City also experienced a modest increase in business license revenues.

Highways and Streets. The Highways and Streets expenditure category was lower than budget during the fiscal year due to decreased salaries and wages. The lower salary and wage expenditure is the result of less overtime for calls for service on snowplowing and other seasonal work.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2006 amounts to \$121,772,893 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, service lines, vehicles and equipment, furniture and fixtures, street lights, sidewalks, curb and gutter, roads and similar infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was \$1,412,036 (a 1.21% decrease equaling \$965,557 for governmental activities and a 1.03% decrease equaling \$446,479 for business-type activities). Major capital asset events during the current fiscal year included the following:

- \$786,343 net additions to the historical cost of fixed assets in governmental activities (total acquisitions less total retirements) due in large part to the construction in progress on major capital facilities for the Streets, Police and Parks departments.
- \$2,114,289 net additions to the historical cost of fixed assets in business-type activities (total acquisitions less total retirements) due primarily to construction in progress on major capital facilities for the Water, Storm Water and Sanitation departments and the relocation of buildings and equipment at the sanitary landfill required by the Utah Department of Transportation to enable a construction corridor for the Legacy Highway Project.

City of Bountiful's Capital Assets
(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Land	\$ 46,183,219	\$ 46,223,350	\$ 3,128,765	\$ 3,128,763	\$ 49,311,984	\$ 49,352,113
Infrastructure	14,202,529	13,996,424	25,417,942	24,530,224	39,620,471	38,526,648
Buildings and other structures	14,213,204	13,389,868	4,989,024	4,767,896	19,202,228	18,157,764
Improvements other than buildings	2,650,867	2,891,052	1,589,182	1,492,131	4,240,049	4,383,183
Machinery & Equipment	1,620,710	1,358,512	7,987,261	7,740,113	9,607,971	9,098,625
Furniture & Fixtures	732,559	582,716	24,213	17,773	756,772	600,489
Construction in progress	131,913	327,522	313,541	1,326,549	445,454	1,654,071
Total	<u>\$ 79,735,001</u>	<u>\$ 78,769,444</u>	<u>\$ 43,449,928</u>	<u>\$ 43,003,449</u>	<u>\$ 123,184,929</u>	<u>\$ 121,772,893</u>

Additional information on the City's capital assets can be found in note 6 on pages 38 to 40 of this report.

Long-term debt. At the end of the current fiscal year, the City had \$7,995,000 in outstanding bonded debt consisting of lease revenue bonds and special assessment bonds. All of the bonded debt was secured by specific revenue sources.

**CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the year ended June 30, 2006**

City of Bountiful's Outstanding Bonded Debt

	Governmental Activities		Business-type Activities		Total	
	2005	2006	2005	2006	2005	2006
Lease revenue bonds	\$ 6,134,000	\$ 5,655,000	\$ -	\$ -	\$ 6,134,000	\$ 5,655,000
Special assessment bonds	2,492,000	2,340,000	-	-	2,492,000	2,340,000
Total	<u>\$ 8,626,000</u>	<u>\$ 7,995,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,626,000</u>	<u>\$ 7,995,000</u>

The City's total bonded debt decreased by \$631,000 during the current fiscal year, attributable to scheduled repayment of the debt. Additional information on the City's long-term debt can be found in note 9 on pages 41 to 43 of this report.

Economic Factors and Next Year's Budgets and Rates

The City reviews national and regional economic forecasts and also performs its own management analysis as a component in the process of developing the one-year operating and capital budgets of the City. The assumptions in the analysis are reviewed with the City Council as background for decisions about revenue projections and cost allocations. Semi-monthly and monthly reports are transmitted to the City Council and provide both budget and actual information for tracking the financial activities of the City during the year.

After several years of sustained economic growth in Bountiful and the surrounding regions, a leveling in key indicators has been apparent over the last three to four years. Budgets for fiscal year 2007 were developed based upon the following assumptions.

- **The overall economic forecast**, like that of previous years, assumed that the remainder of fiscal year 2006, and most of fiscal year 2007, would exhibit some uncertainty, rebuilding and softness in the national, regional and local economies. Indicators, including housing starts and commercial construction, were projected to be nearly flat, along with retail sales and personal income.
- **Development activity** in fiscal year 2006 proved to be modest as measured in value and permit fees. Development activity in Bountiful during fiscal year 2007 is again projected to continue a general leveling trend with movement toward a "maintenance mode" of existing services for the city. Focus for future years continues to be placed on existing developments such as the Renaissance Towne Centre, the Village on Main Street property and the traditional main street areas of the city.
- **Taxable sales**, which are shared by the State of Utah with cities, were projected to remain nearly flat due to overall economic factors. However, the City is watching the developments in national legislation geared toward a "Streamlined Sales Tax" that is targeted to provide uniform rates and collection methods by states and localities. This legislation should allow Bountiful, and other taxing entities, to capture sales tax from internet, catalog and other remote vendors where such taxes are not collected under the current tax system.
- **Cost indicators** for Bountiful were assumed within the forecast to include modest increases in operating costs for personnel services, energy and general goods and services used by City departments. Energy costs and health care costs have continued as "watch areas" for City budget development, and are assumed to increase at a much higher rate than the general level of inflation due to national trends. The City projected that increases in energy and health care costs would be primarily offset by aggressive cost containment in all departments. Health care rate increases of 20 percent were common in many industries, but Bountiful was able to hold them to approximately 10 percent.
- **Enterprise fund rates and activity** in the fiscal year 2007 budget reflects no increases in power, water, storm water, landfill or sanitation rates.

CITY OF BOUNTIFUL
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the year ended June 30, 2006

- **Regional cooperation initiatives.** A regional South Davis Recreation District (District) will serve the citizens of Bountiful as well as surrounding communities. A new recreation complex is under construction, with completion scheduled for the first quarter of calendar year 2007. The complex is located in Bountiful City near the site of the previously City-owned recreation center. Funding for the District will be provided by citizens of Bountiful and the surrounding communities. The South Davis Metro Fire Agency (Agency) provides fire and emergency medical services to the citizens of Bountiful and several surrounding communities. The Agency has full access to, and use of, the former City fire department's assets. However, the City will retain ownership of those assets until the Agency receives its taxing authority status. Until that time, each municipality participating in the Agency will share proportionately in the Agency's operating expenses.

Requests for Information

This financial report is designed to provide a general overview of the City of Bountiful's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Director or the Finance Director, City of Bountiful, 790 South 100 East, P.O. Box 369, Bountiful, Utah 84011-0369.

BASIC FINANCIAL STATEMENTS

CITY OF BOUNTIFUL
STATEMENT OF NET ASSETS
June 30, 2006

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 16,868,815	\$ 13,047,654	\$ 29,916,469
Receivables:			
Taxes	4,203,252	-	4,203,252
Accounts, net	326,738	3,731,028	4,057,766
Interest	159,946	112,144	272,090
Intergovernmental	2,000,000	-	2,000,000
Investments	14,637,983	10,542,860	25,180,843
Inventories	-	1,955,032	1,955,032
Prepays	-	127,173	127,173
Restricted assets:			
Cash and cash equivalents and investments	3,170,409	919,557	4,089,966
Capital assets, net:			
Land, land rights, and water rights	46,223,350	3,128,763	49,352,113
Buildings, wells, and reservoirs	13,389,868	4,767,896	18,157,764
Improvements other than buildings	2,891,052	1,492,131	4,383,183
Transmission, distribution and collection systems	-	23,185,172	23,185,172
Street light and traffic signal system	-	1,345,052	1,345,052
Machinery and equipment	1,358,512	7,740,113	9,098,625
Furniture and fixtures	582,716	17,773	600,489
Infrastructure	13,996,424	-	13,996,424
Construction in progress	327,522	1,326,549	1,654,071
Real estate inventory held for resale	1,127,265	-	1,127,265
Notes receivable	3,624,191	169,010	3,793,201
Investment in power projects	-	9,751,554	9,751,554
Deferred charges	232,190	-	232,190
Total Assets	\$ 125,120,233	\$ 83,359,461	\$ 208,479,694

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
STATEMENT OF NET ASSETS (Continued)
June 30, 2006

	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 985,040	\$ 1,927,964	\$ 2,913,004
Accrued liabilities	448,064	346,871	794,935
Accrued interest payable	49,000	-	49,000
Unearned revenue	5,330,582	38,061	5,368,643
Developer and customer deposits	971,182	382,470	1,353,652
Liabilities payable from restricted assets	69,097	919,557	988,654
Noncurrent liabilities:			
Due within one year	651,000	159,821	810,821
Due in more than one year	8,164,428	352,354	8,516,782
Total Liabilities	16,668,393	4,127,098	20,795,491
Net Assets			
Invested in capital assets, net of related debt	70,692,139	43,003,449	113,695,588
Restricted for:			
Perpetual care - nonexpendable	1,118,349	-	1,118,349
Landfill closure	695,441	-	695,441
Debt Service	818,499	-	818,499
Regulatory required insurance deposit	469,024	-	469,024
Unrestricted	34,658,388	36,228,914	70,887,302
Total Net Assets	108,451,840	79,232,363	187,684,203
Total Liabilities and Net Assets	\$ 125,120,233	\$ 83,359,461	\$ 208,479,694

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Government Activities:						
General government	\$ 2,950,798	\$ 1,915,111	\$ 2,293	\$ -	\$ (1,033,394)	\$ -
Public safety	7,348,694	513,576	35,628	-	(6,799,490)	-
Highways and streets	3,443,672	44,702	1,285,723	62,362	(2,050,885)	-
Planning and engineering	964,072	868,207	-	-	(95,865)	-
Parks	686,785	-	-	-	(686,785)	-
Redevelopment	1,431,999	-	-	-	(1,431,999)	-
Interest on long-term debt	353,735	-	-	-	(353,735)	-
Total Governmental Activities	17,179,755	3,341,596	1,323,644	62,362	(12,452,153)	-
Business-type Activities:						
Water	2,569,321	2,100,134	-	591,440	-	122,253
Light and power	19,933,617	22,341,458	-	82,028	-	2,489,869
Landfill	897,504	1,089,457	-	-	-	191,953
Storm water	1,034,785	689,869	-	-	-	(344,916)
Golf course	1,081,306	1,248,845	-	-	-	167,539
Recreation	1,447,709	952,557	-	-	-	(495,152)
Sanitation	710,080	790,320	-	-	-	80,240
Cemetery	283,273	282,281	-	-	-	(992)
Total Business-type Activities	27,957,595	29,494,921	-	673,468	-	2,210,794
Total Government	\$ 45,137,350	\$ 32,836,517	\$ 1,323,644	\$ 735,830	\$ (12,452,153)	\$ (10,241,359)
General Revenues:						
Property taxes					\$ 3,313,916	\$ -
Sales taxes					5,654,737	-
Franchise taxes					3,114,632	-
Interest on investments					1,419,877	1,037,739
Other					401,417	-
Gain (loss) on sale of capital assets					-	9,457
Transfers					2,072,867	(2,072,867)
Total General Revenues					15,977,446	(1,025,671)
Changes in Net Assets					3,525,293	1,185,123
Net Assets, Beginning					104,926,547	78,047,240
Net Assets, Ending					\$ 108,451,840	\$ 79,232,363
						\$ 187,684,203

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2006

	<u>General</u>	<u>Capital Projects</u>	<u>Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 1,160,969	\$ 10,932,910	\$ 2,075,493	\$ 158,277	\$ 14,327,649
Receivables:					
Taxes	3,214,313	-	988,939	-	4,203,252
Accounts - net	319,124	-	-	-	319,124
Interest	17,711	91,756	17,809	8,253	135,529
Intergovernmental	-	2,000,000	-	-	2,000,000
Investments	1,030,302	9,459,191	1,838,751	134,869	12,463,113
Real estate inventory held for resale	-	-	1,127,265	-	1,127,265
Notes receivable	-	-	1,201,871	2,422,320	3,624,191
Due from other funds	-	974,279	-	-	974,279
Restricted assets:					
Cash and cash equivalents and investments	2,672	18,046	48,379	2,632,289	2,701,386
Total Assets	\$ 5,745,091	\$ 23,476,182	\$ 7,298,507	\$ 5,356,008	\$ 41,875,788
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 300,971	\$ 598,555	\$ 567	\$ 7,901	\$ 907,994
Liabilities payable from restricted assets	2,672	18,046	48,379	-	69,097
Accrued liabilities	443,179	-	1,550	-	444,729
Due to other funds	-	-	974,279	-	974,279
Developer and customer deposits	971,182	-	-	-	971,182
Unearned revenues	1,919,322	-	2,190,811	2,422,320	6,532,453
Total Liabilities	3,637,326	616,601	3,215,586	2,430,221	9,899,734
Fund Balances:					
Reserved for:					
Construction	-	-	-	279,034	279,034
Landfill closure	-	-	-	695,441	695,441
Perpetual care	-	-	-	1,123,891	1,123,891
Debt Service	-	-	-	827,421	827,421
Unreserved, designated for, reported in:					
Capital Projects	-	22,859,581	-	-	22,859,581
General Fund	44,585	-	-	-	44,585
Redevelopment Agency	-	-	4,082,921	-	4,082,921
Unreserved, reported in:					
General Fund	2,063,180	-	-	-	2,063,180
Total Fund Balances	2,107,765	22,859,581	4,082,921	2,925,787	31,976,054
Total Liabilities and Fund Balances	\$ 5,745,091	\$ 23,476,182	\$ 7,298,507	\$ 5,356,008	\$ 41,875,788

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS
June 30, 2006

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds	\$ 31,976,054
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	78,769,444
Internal service funds are used by management to charge the cost of insurance for workers' compensation and governmental immunity. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	5,136,709
Accrued interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(49,000)
Long-term liabilities are not due and payable in the current period and therefore are not recorded in the funds.	(8,583,238)
Notes receivable related to the RDA are recorded as such in the statement of net assets.	<u>1,201,871</u>
Total net assets - governmental activities	<u>\$ 108,451,840</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

	General	Capital Projects	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 6,081,150	\$ 4,945,822	\$ 875,803	\$ 180,510	\$ 12,083,285
Licenses and permits	966,550	-	-	-	966,550
Intergovernmental	1,323,644	-	69,999	-	1,393,643
Charges for services	1,627,419	-	-	560,296	2,187,715
Fines and forfeitures	102,177	-	-	-	102,177
Interest on investments	200,896	717,376	184,618	111,343	1,214,233
Miscellaneous	286,029	158,362	366,062	34,544	844,997
Total Revenues	10,587,865	5,821,560	1,496,482	886,693	18,792,600
Expenditures:					
Current:					
General government	2,479,303	-	-	10,090	2,489,393
Public safety	6,246,997	-	-	-	6,246,997
Highways and streets	2,431,779	-	-	-	2,431,779
Planning and engineering	944,770	-	-	-	944,770
Parks	517,981	-	-	-	517,981
Redevelopment	-	-	1,857,416	-	1,857,416
Debt service:					
Principal	-	-	-	631,000	631,000
Interest	-	-	-	357,555	357,555
Capital outlay:					
Public safety	56,742	-	-	-	56,742
Highways and streets	18,950	-	-	-	18,950
Capital Projects	-	1,327,885	30,678	-	1,358,563
Total Expenditures	12,696,522	1,327,885	1,888,094	998,645	16,911,146
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,108,657)	4,493,675	(391,612)	(111,952)	1,881,454
Other Financing Sources					
(Uses):					
Transfer in	2,322,867	-	1,430	251,383	2,575,680
Transfer out	(250,000)	(252,813)	-	-	(502,813)
Sale of capital assets	18,401	-	-	-	18,401
Total Other Financing Sources (Uses)	2,091,268	(252,813)	1,430	251,383	2,091,268
Net Change in Fund Balances	(17,389)	4,240,862	(390,182)	139,431	3,972,722
Fund Balance, Beginning	2,125,154	18,618,719	4,473,103	2,786,356	28,003,332
Fund Balance, Ending	\$ 2,107,765	\$ 22,859,581	\$ 4,082,921	\$ 2,925,787	\$ 31,976,054

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 3,972,722
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(2,274,457)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net assets.	1,375,493
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net assets.	631,000
In the statement of activities, amortization of premiums and costs of issuing of debt is recorded.	(10,380)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expense is reported when due.	14,200
The effect of the sale and disposal of capital assets.	(66,593)
The long term portion of accrued leave does not require the use of current financial resources and therefore is not recorded as an expenditure in the Governmental Funds.	(6,579)
The net revenue of certain activities of internal service funds is reported within the governmental activities.	(182,050)
Proceeds from repayment of RDA notes receivable are recorded as revenue in the Governmental Funds. However, the repayment is recorded as a reduction of the loan in the statement of net assets.	(366,063)
Amounts loaned by the RDA are recorded as expenditures in the Governmental Funds. However, the loan is recorded as an asset for the statement of net assets.	438,000
Change in net assets of governmental activities	\$ 3,525,293

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For The Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
Revenues:				
Taxes	\$ 7,820,000	\$ 7,831,000	\$ 6,081,150	\$ (1,749,850)
Licenses and permits	687,000	687,000	966,550	279,550
Intergovernmental revenues	1,327,000	1,327,000	1,323,644	(3,356)
Charges for services	1,568,717	1,568,717	1,627,419	58,702
Fines and forfeitures	70,000	70,000	102,177	32,177
Interest on investments	190,584	190,584	200,896	10,312
Miscellaneous	70,000	70,000	286,029	216,029
Total Revenues	11,733,301	11,744,301	10,587,865	(1,156,436)
Expenditures:				
Current:				
General government:				
Legislative	627,379	627,379	423,395	203,984
Legal	250,497	250,497	239,918	10,579
Executive	235,028	235,028	234,687	341
Information systems	414,285	414,285	404,110	10,175
Administrative	565,657	565,657	545,763	19,894
Treasury	529,674	534,674	511,199	23,475
Government buildings	135,701	135,701	120,231	15,470
Public safety:				
Police	4,794,758	4,812,250	4,631,996	180,254
Fire	1,744,704	1,744,704	1,671,743	72,961
Highways and streets	2,708,393	2,708,393	2,450,729	257,664
Planning and engineering:				
Planning	231,992	231,992	223,842	8,150
Engineering	809,513	809,513	720,928	88,585
Parks	535,720	541,720	517,981	23,739
	13,583,301	13,611,793	12,696,522	915,271
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,850,000)	(1,867,492)	(2,108,657)	(241,165)
Other Financing Sources (Uses):				
Transfer in	2,100,000	2,100,000	2,322,867	222,867
Transfer out	(250,000)	(250,000)	(250,000)	-
Sale of capital assets	-	-	18,401	18,401
Total Other Financing Sources (Uses)	1,850,000	1,850,000	2,091,268	241,268
Net Change in Fund Balance	\$ -	\$ (17,492)	(17,389)	\$ 103
Fund Balance, Beginning			2,125,154	
Fund Balance, Ending			\$ 2,107,765	

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – REDEVELOPMENT AGENCY SPECIAL
REVENUE FUND
For The Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 900,000	\$ 900,000	\$ 875,803	\$ (24,197)
Intergovernmental revenues	80,000	80,000	69,999	(10,001)
Interest on investments	89,179	89,179	184,618	95,439
Miscellaneous	117,428	117,428	366,062	248,634
Total Revenues	<u>1,186,607</u>	<u>1,186,607</u>	<u>1,496,482</u>	<u>309,875</u>
Expenditures:				
Current:				
Redevelopment	1,153,351	1,153,351	1,857,416	(704,065)
Capital outlay	1,000,000	1,000,000	30,678	969,322
Total Expenditures	<u>2,153,351</u>	<u>2,153,351</u>	<u>1,888,094</u>	<u>265,257</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(966,744)</u>	<u>(966,744)</u>	<u>(391,612)</u>	<u>575,132</u>
Other Financing Sources (Uses):				
Transfer in	-	-	1,430	1,430
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>1,430</u>	<u>1,430</u>
Net Change in Fund Balance	<u>\$ (966,744)</u>	<u>\$ (966,744)</u>	<u>(390,182)</u>	<u>\$ 576,562</u>
Fund Balance, Beginning			<u>4,473,103</u>	
Fund Balance, Ending			<u>\$ 4,082,921</u>	

The notes to the financial statements are an integral part of this statement.

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CITY OF BOUNTIFUL
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2006

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise	
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 4,994,282	\$ 785,529	\$ 4,245,772	\$ 3,022,071	\$ 13,047,654	\$ 2,541,165
Accounts receivable, net	323,163	2,898,940	137,640	371,285	3,731,028	7,614
Interest receivable	48,226	5,149	30,792	27,977	112,144	24,417
Investments	4,370,523	679,513	2,878,038	2,614,786	10,542,860	2,174,870
Inventories	199,120	1,695,717	-	60,195	1,955,032	-
Prepaid expenses	62,120	64,668	-	385	127,173	-
Total Current Assets	9,997,434	6,129,516	7,292,242	6,096,699	29,515,891	4,748,066
Noncurrent Assets:						
Restricted cash and cash equivalents	54,196	-	865,361	-	919,557	469,024
Capital assets, net:						
Land, land rights and water rights	339,565	492,016	43,737	2,253,445	3,128,763	-
Buildings, wells and reservoirs	3,064,517	825,329	-	878,050	4,767,896	-
Improvements other than buildings	12,333	-	242,325	1,237,473	1,492,131	-
Transmission, distribution and collection systems	8,508,165	9,639,075	-	5,037,932	23,185,172	-
Street light and traffic signal systems	-	1,345,052	-	-	1,345,052	-
Machinery and equipment	707,082	6,017,866	270,573	744,592	7,740,113	-
Furniture and fixtures	5,687	-	1,949	10,137	17,773	-
Construction in progress	471,528	506,285	55,169	293,567	1,326,549	-
Notes receivable	-	-	-	169,010	169,010	-
Investments in power projects	-	9,751,554	-	-	9,751,554	-
Total Noncurrent Assets	13,163,073	28,577,177	1,479,114	10,624,206	53,843,570	469,024
Total Assets	\$ 23,160,507	\$ 34,706,693	\$ 8,771,356	\$ 16,720,905	\$ 83,359,461	\$ 5,217,090

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (Continued)
June 30, 2006

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 663,226	\$ 870,237	\$ 84,725	\$ 309,776	\$ 1,927,964
Compensated absences	22,910	79,993	7,659	49,259	159,821
Accrued liabilities	29,459	175,285	11,108	131,019	346,871
Total Current Liabilities	715,595	1,125,515	103,492	490,054	2,434,656
Noncurrent Liabilities:					
Compensated absences	56,027	221,864	20,547	53,916	352,354
Liabilities payable from restricted assets	54,196	-	865,361	-	919,557
Unearned revenue	-	38,061	-	-	38,061
Developer and customer deposits	-	382,470	-	-	382,470
Total Noncurrent Liabilities	110,223	642,395	885,908	53,916	1,692,442
Total Liabilities	825,818	1,767,910	989,400	543,970	4,127,098
Net Assets:					
Invested in capital assets, net of related debt	13,108,877	18,825,623	613,753	10,455,196	43,003,449
Restricted for insurance deposit	-	-	-	-	-
Unrestricted	9,225,812	14,113,160	7,168,203	5,721,739	36,228,914
Total Net Assets	22,334,689	32,938,783	7,781,956	16,176,935	79,232,363
Total Liabilities and Net Assets	\$ 23,160,507	\$ 34,706,693	\$ 8,771,356	\$ 16,720,905	\$ 83,359,461
					\$ 5,217,090

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
ASSETS – PROPRIETARY FUNDS
For The Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise
Operating Revenues:					
Charges for services	\$ 2,085,357	\$ 21,647,107	\$ 931,592	\$ 1,552,753	\$ 26,216,809
Connection and servicing	-	73,569	-	27,592	101,161
Admissions and lesson fees	-	-	-	1,382,092	1,382,092
Equipment and facility rents	-	31,500	-	558,492	589,992
Concession and merchandise sales	-	-	-	264,500	264,500
Sale of cemetery burial plots	-	-	-	175,421	175,421
Miscellaneous	14,777	589,282	157,865	3,022	764,946
Total Operating Revenues	2,100,134	22,341,458	1,089,457	3,963,872	29,494,921
Operating Expenses:					
Production, collection and source of supplies	179,959	13,913,639	-	433,469	14,527,067
Transmission, distribution and/or maintenance	1,290,315	2,121,460	641,183	2,236,785	6,289,743
Cost of concession and merchandise sales	-	-	-	190,770	190,770
Claims	-	-	-	-	285,257
General and administrative	527,957	2,149,894	174,216	804,271	3,656,338
Depreciation and amortization	518,290	1,636,522	87,997	881,523	3,124,332
Total Operating Expenses	2,516,521	19,821,515	903,396	4,546,818	27,788,250
Operating Income (Loss)	\$ (416,387)	\$ 2,519,943	\$ 186,061	\$ (582,946)	\$ 1,706,671
					\$ (387,694)

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
ASSETS – PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise
Nonoperating Income (Expense):					
Interest income	\$ 369,880	\$ 146,105	\$ 307,289	\$ 214,465	\$ 1,037,739
Interest expense	-	(117,798)	-	-	(117,798)
Contributions/Grants	591,440	82,028	-	-	673,468
Gain (loss) from sale of capital assets	(52,800)	5,696	5,892	(878)	(42,090)
Total Nonoperating Income (Expense)	908,520	116,031	313,181	213,587	1,551,319
Income (loss) before transfers	492,133	2,635,974	499,242	(369,359)	3,257,990
Transfers in	-	-	-	262,000	262,000
Transfers out	-	(2,322,867)	-	(12,000)	(2,334,867)
Change in Net Assets	492,133	313,107	499,242	(119,359)	1,185,123
Net Assets, Beginning	21,842,556	32,625,676	7,282,714	16,296,294	78,047,240
Net Assets, Ending	\$ 22,334,689	\$ 32,938,783	\$ 7,781,956	\$ 16,176,935	\$ 79,232,363
					\$ 5,136,709

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For The Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise	
Cash Flows From Operating Activities:						
Receipts from customers and users	\$ 2,059,457	\$ 22,032,978	\$ 996,220	\$ 3,931,328	\$ 29,019,983	\$ 467,976
Payments to suppliers	(617,624)	(15,125,015)	(433,513)	(1,505,211)	(17,681,363)	(784,648)
Payments to employees and related benefits	(859,820)	(3,038,945)	(298,367)	(2,067,602)	(6,264,734)	(96,115)
Net cash flows from operating activities	582,013	3,869,018	264,340	358,515	5,073,886	(412,787)
Cash Flows From Non-Capital Financing Activities:						
Transfers in	-	-	-	262,000	262,000	-
Transfers out	-	(2,322,867)	-	(12,000)	(2,334,867)	-
Interest Paid	-	(117,798)	-	-	(117,798)	-
Grants and contributions received	591,440	82,028	-	-	673,468	-
Payment of note receivable	-	-	-	13,000	13,000	-
Net cash flows from non-capital financing activities	591,440	(2,358,637)	-	263,000	(1,504,197)	-
Cash Flows From Capital and Related Financing Activities:						
Purchase of capital assets	(1,687,071)	(349,901)	(99,159)	(620,037)	(2,756,168)	-
Proceeds from sales of capital assets	6,554	5,696	5,893	17,824	35,967	-
Net cash flows from capital and related financing activities	\$ (1,680,517)	\$ (344,205)	\$ (93,266)	\$ (602,213)	\$ (2,720,201)	\$ -

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Light and Power	Landfill	Other Enterprise Funds	Total Enterprise
Cash Flows From Investing Activities:					
Interest on investments	\$ 349,822	\$ 141,559	\$ 293,421	\$ 202,217	\$ 987,019
Purchase of investments	(2,502,643)	(1,060,453)	(1,897,523)	(1,656,743)	(7,117,362)
Sale of investments	2,957,834	459,873	1,947,767	1,769,608	7,135,082
Net cash flows from investing activities	805,013	(459,021)	343,665	315,082	1,004,739
Net Increase (Decrease) In Cash and Cash Equivalents	297,949	707,155	514,739	334,384	1,854,227
Cash and Cash Equivalents, Beginning	4,750,529	78,374	4,596,394	2,687,687	12,112,984
Cash and Cash Equivalents, Ending	\$ 5,048,478	\$ 785,529	\$ 5,111,133	\$ 3,022,071	\$ 13,967,211
					\$ 3,010,189

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For The Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Light and Power	Landfill	Other Enterprise Funds	Totals	
Reconciliation of operating income to net cash flows from operating activities:						
Earnings (loss) from operations	\$ (416,387)	\$ 2,519,943	\$ 186,061	\$ (582,946)	\$ 1,706,671	\$ (387,694)
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:						
Depreciation	518,290	1,636,522	87,997	881,523	3,124,332	-
Changes in assets and liabilities						
Accounts receivable, net	(40,677)	(357,215)	(93,237)	(32,544)	(523,673)	(682)
Inventories	9,050	(31,057)	-	15,149	(6,858)	-
Prepaid expenses	(5,120)	8,498	-	(385)	2,993	-
Accounts payable	449,194	(24,009)	65,298	120,227	610,710	(24,216)
Compensated absences	12,425	44,700	2,201	(31,242)	28,084	-
Accrued liabilities	55,238	22,901	16,020	(11,267)	82,892	(195)
Customer deposits	-	99,369	-	-	99,369	-
Unearned revenue	-	(50,634)	-	-	(50,634)	-
Net cash flows from operating activities:	\$ 582,013	\$ 3,869,018	\$ 264,340	\$ 358,515	\$ 5,073,886	\$ (412,787)

The notes to the financial statements are an integral part of this statement.

CITY OF BOUNTIFUL NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bountiful (the City) was incorporated under the laws of the Territory of Utah in 1892 and operates under a manager form of government and provides services as authorized by its charter.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the City are discussed below.

The Reporting Entity

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body, or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent on the City.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

Blended Component Units

The Bountiful City Redevelopment Agency (RDA) serves all the citizens of the City and is governed by a board comprised of the members of the City Council. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the RDA have been included in the financial reporting entity as a blended component unit. Separate RDA reports can be obtained at 790 South 100 East, Bountiful, Utah 84010.

The Bountiful City Municipal Building Authority (MBA) was created to design, construct and finance the cost of new buildings. The MBA is governed by a board comprised of the members of the City Council. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the MBA have been included in the financial reporting entity as a blended component unit.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general governmental services, public safety, highways and streets, planning and engineering, parks, and redevelopment are classified as governmental activities. The City's water, light and power, landfill, storm water, golf course, recreation, sanitation, and cemetery services are classified as business-type activities.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than expenditures in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (generally within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by Proprietary Funds and Special Revenue Funds).

Special revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and special revenue funds are identical. The City accounts for the Bountiful City Redevelopment Agency as a special revenue fund.

The City reports the following major proprietary funds:

The Water Fund accounts for the activities of the City's water distribution system.

The Light and Power Fund accounts for the activities of the City's electric power distribution system.

The Landfill Fund accounts for the activities of the City's landfill.

Additionally, the City reports the following fund types:

The Debt Service Fund is used to account for resources that will be used to service general long-term debt.

Special revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for General and special revenue funds are identical. The City accounts for the Municipal Building Authority and the Landfill Closure Fund in special revenue funds.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting city's programs. The City accounts for the Cemetery Perpetual Care Fund in a permanent fund.

Internal service funds are used to account for the central financing of goods or services provided by an internal service fund to various departments of the City on a cost-reimbursement basis. The City currently has two internal service funds. The Workers' Compensation Self-Insurance Fund and the Governmental Immunity Fund account for the City's self-insurance program.

Storm Water and Sanitation Funds account for the provision of these services to the residents of the City. These funds are accounted for as enterprise funds.

Golf Course and Recreation Funds account for the provision of recreation services and facilities for the residents of the City and surrounding area. These funds are accounted for as enterprise funds.

Cemetery Fund accounts for the provision of cemetery services. This fund is accounted for as an enterprise fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the City's internal service funds are charges to customers to the system. Operating expenses for enterprise funds and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The City records utility revenues billed to its customers when meters are read on a monthly basis. Unbilled service accounts receivable have been estimated at June 30, 2006, and are recorded as revenue.

Inventories of materials used in the construction and repair of the transmission, distribution, and collection systems are valued at the lower of cost or market on a weighted average basis. Supplies inventories, consisting principally of fuel oil, are valued at the lower of cost or market on a first-in, first-out basis.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, curb and gutter, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of fixed assets is computed using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings, wells and reservoirs	20-33
Improvements other than buildings	20
Transmission, distribution, and collection systems	15-50
Machinery and equipment	3-50
Furniture and fixtures	3-20
Infrastructure	50

Budgets

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations.

Budgets include activities in several different funds, including the General Fund, special revenue funds, Debt Service Fund, and proprietary funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 18% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

The City Council can amend the budget to any extent, provided the amended budget does not exceed the original budgeted expenditures/expenses, in which case a public hearing must be held. With the consent of the city manager, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets (Continued)

Budgets for the General Fund, special revenue funds, Debt Service Fund, and Capital Projects Fund are prepared on the modified accrual basis of accounting. Annual budgets are not adopted for the Landfill Closure special revenue fund and the Perpetual Care permanent fund. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is neither practicable, nor appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

Taxes

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget is made subsequent to June 22. All property taxes levied by the City are assessed and collected by Davis County. Taxes are attached as an enforceable lien as of January 1, are levied as of October 1, and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by natural gas, electric utilities, and cable television companies and remitted to the City periodically.

Cash and cash equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a bi-weekly basis and is fully vested when earned. Accumulated vacation cannot exceed 240 hours at the end of any calendar year and any vacation in excess of this amount is forfeited. At retirement, death, or termination, all unpaid accrued vacation, up to 240 hours, is paid to the employee or his or her beneficiary. Accumulated sick leave is earned at a rate of eight hours per month. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Accumulated sick leave paid to employees upon retirement is limited to 20% of accumulated hours or 288 hours, whichever is less. The amount of accumulated leave is accrued when incurred in the government-wide, proprietary fund financial statements. Employees that are terminated for reasons other than retirement are not paid for accumulated sick leave. A liability for these amounts is reported in governmental funds only if they have matured.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

Interfund transactions

During the course of normal operations, the City has transactions between funds to subsidize operations in other funds, to construct assets, to distribute grant proceeds, etc. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

Estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits including the portion of the Utah State Treasurer's investment pool that is considered as a demand deposit. Investments are stated at fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "investments" which also includes cash accounts that are separately held by several of the City's funds.

Deposits and investments for the City are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk – deposits is the risk that in the event of bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council. As of June 30, 2006, \$1,375,018 of the City's bank balances of \$30,014,901 was uninsured and uncollateralized.

Custodial credit risk – investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2006, \$4,082,059 of the City's \$29,268,138 investments was exposed to custodial credit risk because it was uninsured and uncollateralized.

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; banker acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investments are in the Utah Public Treasurer's Investment Fund, U.S. Treasuries, and qualified institutions. The City's investments have no concentration of credit risk.

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested. Maturities of the local government's investments are noted above.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Following are the City's cash on hand, on deposit, and investments at June 30, 2006.

	<u>Fair Value</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Maturity (Years) (2)</u>
Cash on hand and on deposit:			
Cash on hand	\$ 3,880	N/A	N/A
Cash on deposit	1,178,577	N/A	N/A
Utah State Treasurer's investment pool accounts	<u>28,857,304</u>	N/A	N/A
Total cash on hand and deposit	<u>\$ 30,039,761</u>		
Investments			
Certificates of Deposit	\$ 3,092,868	N/A	0.57
Utah State Treasurer's investment pool accounts	2,159,316	N/A	N/A
U.S. Treasuries	22,606,142	AAA	0.56
Bond Reserves	<u>1,289,191</u>	N/A	N/A
Total Investments	<u>\$ 29,147,517</u>		
Portfolio weighted average maturity			0.56

(1) Ratings are provided, where applicable, to indicate associated credit risk. N/A indicates not applicable.

(2) Interest rate risk is estimated using the weighted average years to maturity.

NOTE 3 ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts receivable at June 30, 2006 for all funds is \$90,000.

NOTE 4 RESTRICTED ASSETS

Certain assets are restricted to use as follows as of June 30, 2006:

Restricted for regulatory required insurance deposit	\$ 469,024
Restricted for funds received for closure of landfill	695,441
Restricted for landfill closure, post-closure and corrective actions	865,361
Restricted for bond payments	818,499
Restricted for cemetery perpetual care	1,118,349
Restricted for construction retainage	<u>123,292</u>
Total	<u>\$ 4,089,966</u>

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 REAL ESTATE INVENTORY HELD FOR RESALE

Real estate inventory held for resale in the enterprise funds represents cemetery plots held for sale by the Cemetery Fund. Real estate inventory in the special revenue fund represents land purchased and held for resale by the Redevelopment Agency.

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2006, is as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 46,183,219	\$ 40,131	\$ -	\$ 46,223,350
Construction in progress	131,913	450,170	254,561	327,522
Total capital assets, not being depreciated	46,315,132	490,301	254,561	46,550,872
Capital assets, being depreciated:				
Infrastructure	26,875,060	212,981	25,540	27,062,501
Buildings	21,147,176	63,072	192,397	21,017,851
Improvements other than buildings	4,494,377	443,440	-	4,937,817
Machinery and equipment	7,083,499	395,560	332,393	7,146,666
Furniture and fixtures	1,597,761	24,702	38,822	1,583,641
Total capital assets, being depreciated	61,197,873	1,139,755	589,152	61,748,476
Less accumulated depreciation for:				
Infrastructure	12,672,531	476,655	83,109	13,066,077
Buildings	6,933,972	838,574	144,563	7,627,983
Improvements other than buildings	1,843,510	203,255	-	2,046,765
Machinery and equipment	5,462,789	596,570	271,205	5,788,154
Furniture and fixtures	865,202	159,403	23,680	1,000,925
Total accumulated depreciation	27,778,004	2,274,457	522,557	29,529,904
Total capital assets, being depreciated, net	33,419,869	(1,134,702)	66,595	32,218,572
Governmental activities capital assets, net	<u>\$ 79,735,001</u>	<u>\$ 1,630,056</u>	<u>\$ 843,713</u>	<u>\$ 78,769,444</u>

Depreciation expense was charged to functions/programs of the primary governmental activities as follows:

Governmental activities:	
General government	\$ 352,904
Public safety	845,673
Highways and public improvements	876,167
Parks	168,574
Redevelopment Agency	12,583
Planning & engineering	18,556
Total depreciation expense - governmental activities	<u>\$ 2,274,457</u>

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS (Continued)

The Enterprise Funds' property, plant and equipment consist of the following at June 30, 2006:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Business-type Activities:				
Capital assets, not being depreciated:				
Land, land rights, and water rights	\$ 3,128,763	\$ -	\$ -	\$ 3,128,763
Construction in progress	313,541	1,062,034	49,026	1,326,549
Total capital assets, not being depreciated	<u>3,442,304</u>	<u>1,062,034</u>	<u>49,026</u>	<u>4,455,312</u>
Capital assets, being depreciated:				
Buildings, wells and reservoirs	12,479,955	130,012	14,673	12,595,294
Improvements other than buildings	2,453,043	12,649	-	2,465,692
Transmission, distribution and collection systems	57,530,656	871,897	124,364	58,278,189
Street light and traffic systems	2,860,476	-	-	2,860,476
Machinery and equipment	20,842,035	728,601	502,841	21,067,795
Furniture and fixtures	44,311	-	-	44,311
Total capital assets, being depreciated	<u>96,210,476</u>	<u>1,743,159</u>	<u>641,878</u>	<u>97,311,757</u>
Less accumulated depreciation for:				
Buildings, wells and reservoirs	7,490,931	340,931	4,464	7,827,398
Improvements other than buildings	863,861	109,700	-	973,561
Transmission, distribution and collection systems	33,550,691	1,617,292	74,966	35,093,017
Street light and traffic systems	1,422,499	92,925	-	1,515,424
Machinery and equipment	12,854,774	957,045	484,137	13,327,682
Furniture and fixtures	20,099	6,439	-	26,538
Total accumulated depreciation	<u>56,202,855</u>	<u>3,124,332</u>	<u>563,567</u>	<u>58,763,620</u>
Total capital assets, being depreciated, net	<u>40,007,621</u>	<u>(1,381,173)</u>	<u>78,311</u>	<u>38,548,137</u>
Business-type activities capital assets, net	<u>\$ 43,449,925</u>	<u>\$ (319,139)</u>	<u>\$ 127,337</u>	<u>\$ 43,003,449</u>

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type Activities:

Water	\$ 518,290
Light and Power	1,636,522
Landfill	87,998
Storm Water	470,143
Golf Course	166,156
Recreation	104,362
Sanitation	115,336
Cemetery	25,525
Total depreciation expense - business-type activities	<u>\$ 3,124,332</u>

NOTE 7 NOTES RECEIVABLE

The Redevelopment Agency has made low cost building rehabilitation loans to businesses in the City. The Agency holds nine notes receivable. The terms of those notes are as follows:

Balance	Interest	Monthly Payments		Balloon Payments	
June 30, 2006	Rate	Amount	Due Through	Amount	Due
\$ 48,828	3.00%	\$ 579	April 2009	\$ 32,621	May 2009
327,890	3.50%	5,500	December 2011		
291,963	3.00%	3,380	August 2009	181,682	September 2009
34,504	3.00%	394	September 2009	22,258	October 2009
69,320	4.75%	1,756	January 2010		
224,454	3.00%	2,414	April 2010	136,320	May 2010
76,879	3.00%	807	July 2010	45,584	August 2010
38,033	3.00%	396	July 2010	22,373	August 2010
90,000	3.00%	869	June 2011	49,111	July 2011
<u>\$ 1,201,871</u>		<u>\$ 16,095</u>		<u>\$ 489,949</u>	

The City issued special assessment debt to provide funds for the construction of improvements to the area surrounding the Renaissance Towne Center. These bonds will be repaid from amounts levied against the property owners benefited by this construction. The City has established a receivable of \$2,422,320 for the amounts levied.

NOTE 8 DEVELOPER AND CUSTOMER DEPOSITS

General Fund deposits are principally deposits from developers that are held by the City until building projects receive the required City inspections and are in compliance with all City ordinances.

Enterprise fund deposits are customer deposits the City requires from some customers with a poor payment history and from businesses before they receive a utility connection. The deposit is returnable when the residence is vacated by the renter or when the business has established a history of meeting its obligations to the City.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2006:

	Long-term debt payable at July 1, 2005	Additions	Reductions	Long-term debt payable at June 30, 2006	Due within One Year
Governmental activities:					
Lease revenue bonds	\$ 6,134,000	\$ -	\$ 479,000	\$ 5,655,000	\$ 495,000
Special assessment bonds	2,492,000	-	152,000	2,340,000	156,000
Compensated absences	731,544	548,183	541,604	738,123	-
Deferred amounts:					
Plus unamortized premium	85,883	-	3,578	82,305	-
Governmental activity long-term liabilities	\$ 9,443,427	\$ 548,183	\$ 1,176,182	\$ 8,815,428	\$ 651,000
Business-type activities:					
Compensated absences	\$ 492,223	\$ 383,926	\$ 363,974	\$ 512,175	\$ 159,821
Business-type activity long-term liabilities	\$ 492,223	\$ 383,926	\$ 363,974	\$ 512,175	\$ 159,821

The liability for compensated absences is typically liquidated by the General Fund and all Enterprise Funds. Due to the City policies restricting the cash out and use of compensated absences, no portion of such absences in the Governmental Funds is considered to be due within one year of the date of the statement of net assets.

Amortization to maturity for each of the bond issues is provided in the following section. The amortization of compensated absences has not been included due to the uncertainty of the amounts and timing of payments.

Management has determined that because of the city policy related to compensated absences that the city can not reasonably estimate the amount that would be paid from current resources for the governmental activities and, therefore, has not included an amount in the above information.

Municipal Building Authority Lease Revenue Bonds Series 1996

The Municipal Building Authority Lease Revenue Bonds Series 1996 were issued June 1, 1996 by the Municipal Building Authority to construct a Police/Judicial Court Facility next to City Hall. The \$3,685,000 lease revenue bonds are due in semi-annual principal installments of \$101,000 to \$163,000 through March 1, 2015, plus interest at 3.95%, payable semi-annually. The Municipal Building Authority will lease the building to the City, which will in turn sublease portions of the building to the State of Utah. Rental income from the sublease will service the required bond payments. The bonds are subject to an optional redemption in whole or in part after March 1, 2001. In the event the State exercises the redemption option contained in the sublease agreement, the redemption option price will be equivalent to 100% of the principal amount to be redeemed and accrued interest at the date the option is exercised.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 LONG-TERM DEBT (Continued)

Municipal Building Authority Lease Revenue Bonds Series 1996 (Continued)

The annual debt service requirements to maturity, including principal and interest, for the Series 1996 Lease Revenue Bonds, as of June 30, 2006, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 205,000	\$ 90,435	\$ 295,435
2008	217,000	82,219	299,219
2009	230,000	73,529	303,529
2010	243,000	64,306	307,306
2011	258,000	54,569	312,569
2012-2015	1,187,000	108,961	1,295,961
Total	\$ 2,340,000	\$ 474,019	\$ 2,814,019

Municipal Building Authority Lease Revenue Bonds Series 2003

The Municipal Building Authority Lease Revenue Bonds Series 2003 were issued June 5, 2003 by the Municipal Building Authority (Authority) to finance the design and construction of a public parking structure. The \$3,790,000 lease revenue bonds, due in annual principal installments of \$290,000 to \$385,000 through June 1, 2016, plus interest at 2.5% to 5.0%, payable semi-annually. The parking structure consists of three stories having approximately 480 parking stalls and will be leased by the Authority to the City under an annually renewable Master Lease Agreement dated May 1, 2003. The City will utilize the parking structure to provide public parking for the Renaissance Towne Centre. The City anticipates making its lease payment from, among other available sources, tax increment generated from the development of the Renaissance Towne Centre pursuant to an agreement between the City and the Redevelopment Agency of Bountiful City dated December 16, 2002.

The annual debt service requirements to maturity, including principal and interest for the Series 2003 Lease Revenue Bonds, as of June 30, 2006, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 290,000	\$ 122,712	\$ 412,712
2008	300,000	115,463	415,463
2009	300,000	106,462	406,462
2010	310,000	97,463	407,463
2011	320,000	87,000	407,000
2012-2016	1,795,000	249,050	2,044,050
	3,315,000	\$ 778,150	\$ 4,093,150
Plus unamortized premium	82,305		
Total	\$ 3,397,305		

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 LONG-TERM DEBT (Continued)

Special Assessment Bonds Series 2003

The Special Assessment Bonds Series 2003 were issued June 5, 2003 by the City to finance the construction of various road, water, wastewater, sewer, lighting, and public parking improvements benefiting several properties connected to the development of the Renaissance Towne Centre. The \$2,710,000 special assessment bonds are due in annual principal installments of \$156,000 to \$249,000 through June 1, 2018, plus interest at 3.2% to 5.7%, payable annually. These bonds will be repaid from special assessments levied against the benefited property owners.

The annual debt service requirements to maturity, including principal and interest for the Special Assessment Bonds Series 2003 as of June 30, 2006, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 156,000	\$ 107,131	\$ 263,131
2008	161,000	102,171	263,171
2009	166,000	96,648	262,648
2010	172,000	90,589	262,589
2011	179,000	83,916	262,916
2012-2016	1,021,000	293,930	1,314,930
2017-2018	485,000	41,117	526,117
	<u>\$ 2,340,000</u>	<u>\$ 815,502</u>	<u>\$ 3,155,502</u>

NOTE 10 UNEARNED PROPERTY TAXES

In conjunction with the implementation of GASB Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions*" the City has accrued a property tax receivable and an unearned property tax revenue in the General Fund and Redevelopment Agency in the amounts of \$1,863,941 and \$988,939, respectively.

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30. Since the property tax to be levied on October 1, 2006 is not expected to be received within 60 days after the year ended June 30, 2006, the City is required to record a receivable and unearned revenue of the estimated amount of the total property tax to be levied on October 1, 2006.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 DESIGNATED FUND EQUITY

Unreserved fund balances which have designated purposes at June 30, 2006 are as follows:

	General Fund	Redevelopment Agency	Capital Projects	Total
City beautification	\$ 369	\$ -	\$ -	\$ 369
Computer replacement	44,216	-	-	44,216
Redevelopment projects	-	4,082,921	-	4,082,921
Construction projects	-	-	22,859,581	22,859,581
	<u>\$ 44,585</u>	<u>\$ 4,082,921</u>	<u>\$ 22,859,581</u>	<u>\$ 26,987,087</u>

NOTE 12 RISK MANAGEMENT

The City is self-insured for general liability claims. The Governmental Immunity Fund (an internal service fund) has been established to pay liability claims along with certain City Attorney expenses. The City has an all risk property insurance policy that includes: (1) buildings and content to a policy limit of \$84,751,023 with a \$5,000 deductible, (2) contractors equipment to a policy limit of \$320,000 with a \$5,000 deductible, (3) computer equipment to a policy limit of \$527,618 with a \$5,000 deductible, (4) \$10,000,000 in earthquake coverage with a 2% minimum \$100,000 deductible, (5) \$10,000,000 in flood coverage for facilities that are located outside the standard report zone with a \$100,000 deductible, and (6) boiler and machine coverage to a policy limit of \$25,000,000 with a \$10,000 deductible. The Treasurer is covered under a \$1,500,000 bond with no deductible. The City also has: (1) public employee dishonesty insurance (an employee blanket bond) with a \$100,000 limit per occurrence and a \$1,000 deductible, and (2) municipal excess liability coverage including general liability, auto liability, public officials errors and omissions and law enforcement to a limit of \$5,000,000 with a \$250,000 deductible for auto and general liability and \$250,000 deductible for law enforcement and errors and omissions. The City also has excess workers' compensation insurance with statutory limits and \$300,000 self-insurance retention for general employees and \$400,000 self-insurance retention for law enforcement employees. The City is self-insured for property loss above the limits and below the deductibles. The operating departments of the General Fund or proprietary funds assume the financial responsibility for risk retained by the City for property damage. There has been no significant change in insurance coverage during the year ended June 30, 2006, nor during the past four fiscal years has the amount of settlements exceeded insurance coverage.

A summary of changes in general liability claims for the years ended June 30, 2006 and 2005, are as follows:

	General Liability Claims
Balance, June 30, 2004	\$ 41,966
Additions	59,814
Deletions	(82,541)
Balance, June 30, 2005	19,239
Additions	195,418
Deletions	(199,657)
Balance, June 30, 2006	<u>\$ 15,000</u>

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 RISK MANAGEMENT (Continued)

The City also has a risk management program for workers' compensation. Premiums are paid to the Workers' Compensation Self-Insurance Fund (an internal service fund) and are available to pay these claims along with certain administrative expenses.

A summary of changes in workers' compensation claims for the years ended June 30, 2006 and 2005 are as follows:

	Workers' Compensation Claims
Balance, June 30, 2004	\$ 65,718
Additions	124,157
Deletions	<u>(121,394)</u>
Balance, June 30, 2005	68,481
Additions	89,839
Deletions	<u>(109,479)</u>
Balance, June 30, 2006	<u><u>\$ 48,841</u></u>

City management believes that possible claims where the loss cannot be reasonably estimated (claims incurred but not reported) are immaterial to the financial statements of the City.

The general liability and workers' compensation claims are included in accounts payable of the Internal Service Funds.

NOTE 13 RETIREMENT PLAN

Cost Sharing Defined Benefits Pension Plans

Plan description: The City contributes to the Local Governmental Contributory Retirement System and the Local Governmental Noncontributory Retirement System, cost-sharing multiple-employer defined benefit pension plans. These plans are administered by the Utah Retirement Systems (the Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System and the Local Governmental Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 RETIREMENT PLAN (Continued)

Cost Sharing Defined Benefits Pension Plans (Continued)

Funding policy: Plan members in the Local Governmental Contributory Retirement System are required to contribute 6% of their annual covered salary (all of which is paid by the City), and the City is required to contribute 7.08% of their annual covered salary. In the Local Governmental Noncontributory Retirement System, the City is required to contribute 11.09% of members' annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City contributions to the Local Governmental Contributory Retirement System for the years ended June 30, 2006, 2005, and 2004, were \$24,863, \$23,187 and \$19,304 respectively; for the Noncontributory Retirement System, the contributions for the years ended June 30, 2006, 2005, and 2004, were \$741,005, \$710,663 and \$575,764 respectively; and for the Firefighters Retirement System, the contributions for the years ended June 30, 2006, 2005, and 2004, were \$0, \$39,136 and \$63,593 respectively. The contributions were equal to the required contributions for each year. The City's participation in the Firefighters Retirement System terminated December 31, 2004 when the South Davis Metro Fire Agency was created.

Agent Multiple Employer Defined Benefit Pension Plan

Plan description: The City contributes to a Public Safety defined benefit pension plan, for public safety employees, which provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes. Bountiful City is affiliated with the Utah Retirement Systems Public Safety Retirement System, an agent multiple-employer and cost sharing multiple-employer pension plan administered by the Utah Retirement Systems (Systems). The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Bountiful City Public Safety Retirement System. A copy of the report may be obtained by writing to the Utah Retirement System, 540 E 200 S, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy: The City is required to contribute 19.68% of members' annual covered salary in the Noncontributory Division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Annual pension cost: For 2006, the City's Public Safety annual pension cost of \$326,064 was equal to the City's required and actual contributions. The required contribution was determined as part of the January 1, 2005 actuarial valuation using the entry age normal cost method. The actuarial assumptions include (a) 8% investment rate of return (net of administrative expenses), (b) assumed projected salary increases of 4.50% (3.50% from inflation, 1.00% from membership growth), and (c) 2.5% cost of living adjustment. Both (a) and (b) include an inflation component of 3.50%. The actuarial value of the City's Public Safety assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a 5-year period. Bountiful City Public Safety unfunded actuarial accrued liability is being amortized over an open twenty-year amortization period. Amortization payments are designed to remain level as a percent of payroll.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 RETIREMENT PLAN (Continued)

Agent Multiple Employer Defined Benefit Pension Plan (Continued)

The following illustrates the three year trend analysis of employer contributions for Bountiful City Public Safety:

Year Ended	Annual Pension Cost (APC)	Percentage APC Contribution	Net Pension Obligation
June 30, 2006	\$ 326,064	100%	\$ -
June 30, 2005	324,173	100%	-
June 30, 2004	301,564	100%	-

The following illustrates the funding progress for Bountiful City Public Safety:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability	Funding Ratio	Covered Payroll	Unfunded Liability as % of Covered Payroll
December 31, 2005	\$ 13,392,000	\$ 13,406,000	\$ 14,000	100%	\$ 1,724,000	1%
January 1, 2005	12,384,000	12,337,000	(47,000)	100%	1,621,000	(3%)
January 1, 2004	11,809,000	11,640,000	(169,000)	102%	1,653,000	(10%)

NOTE 14 DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS

401(k) defined contribution plans

The City sponsors a defined contribution deferred compensation plan administered by ICMA Retirement Corporation and Western Reserve Life Assurance Company of Ohio under Internal Revenue Code Section 401(k) for City employees covered by the State's contributory and noncontributory retirement plans. The plan, available to all permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City's total payroll in the fiscal year ended June 30, 2006 was \$10,553,077. Of that amount, \$8,528,655 was eligible to participate in the plan. The City participates at rates between 1.62% and 3.61%, depending on the state retirement rate. The rate of City participation can be changed by the City Council. During the year ended June 30, 2006, contributions totaling \$290,427 were made to the plan by employees and \$267,804 by the City.

The City also sponsors a defined contribution deferred compensation plan administered by the Utah Retirement Systems (the Systems) under Internal Revenue Code Section 401(k). The plan, available to all permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. Contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City's total payroll in the fiscal year ended June 30, 2006 was \$10,553,077. Of that amount, \$8,528,655 was eligible to participate in this plan. The City participated at a rate of 19.68%. The rate of City participation can be changed by the City Council. During the year ended June 30, 2006, contributions totaling \$103,450 were made to this plan by employees and \$17,803 by the City.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLANS (Continued)

457 deferred compensation plans

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457, administered by the Systems and ICMA Retirement Corporation. The plans, available to all permanent full-time City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 457 deferred compensation monies are not available to the City or its general creditors. In the City's opinion, the plan does not meet the fiduciary requirements and therefore has not been included in an agency fund, in accordance with GASB Statement No. 32, and is currently held in trust by the City's administrators, the Utah Retirement Systems and ICMA Retirement Corporation.

NOTE 15 POST-RETIREMENT HEALTH CARE BENEFITS

In addition to providing pension benefits through the Systems, the City provides certain health care benefits, as permitted under City ordinance No. 90-6, for retired City employees until the age of 65. All of the City's permanent full-time employees may become eligible for the benefits at the time of retirement if they have 30 years of employment and are at least 55 years old or have 25 years of employment and are at least 60 years old. The City pays the cost of the premiums for single coverage on a pay-as-you-go basis. For the year ended June 30, 2006, the City had fifteen participants eligible to receive benefits and such costs totaled \$66,539. The cost of retirement health care benefits is recognized as an expenditure as premiums are paid.

NOTE 16 LEASES

In 1989, the City entered into a 30-year capital lease agreement with a local business whereby the City leased land held by the City Cemetery Fund to the business. The City has accounted for the land lease using the installment method. The lease agreement has a zero percent implied interest rate. Upon completion of the lease terms ownership of the land may transfer to the business under a bargain purchase option. The note receivable related to the land lease had a balance of \$169,010 as of June 30, 2006.

The future maturities of the note receivable related to the land lease are as follows:

2007	\$ 13,000
2008	13,000
2009	13,000
2010	13,000
2010	13,000
2012-2016	65,000
2017-2019	<u>39,010</u>
Total payments to be received	<u>\$ 169,010</u>

In June 1996, the City entered into an operating lease agreement with the State of Utah whereby the State's Judicial Court will lease portions of the City's Public Safety building. The rental income from this lease will service the City's Lease Revenue Bond payments. The lease is renewable each year at the option of the City through March 2015.

CITY OF BOUNTIFUL **NOTES TO FINANCIAL STATEMENTS (Continued)**

NOTE 16 LEASES (Continued)

The future minimum rental payments to be received by the City from this operating lease are as follows:

2007	\$ 335,501
2008	335,646
2009	336,106
2010	335,796
2011	336,745
2012-2015	<u>1,344,235</u>
Total future minimum lease payments	<u>\$ 3,024,029</u>

The City received \$305,069 in rental income from this operating lease for the year ended June 30, 2006. The City's Public Safety building is included in the capital assets section of the financial statements with a cost of \$7,126,977 and associated accumulated depreciation of \$3,028,965. The State's Judicial Court leases approximately 48% of the building.

NOTE 17 COMMITMENTS AND CONTINGENCIES

The City believes that possible contingencies (contingencies incurred but not reported) where the loss cannot be reasonably estimated are immaterial to the financial statements of the City. The City had approximately \$6,262,340 of outstanding construction commitments at June 30, 2006.

The Redevelopment Agency holds a commitment to a developer for 100% of the tax increment generated by certain properties. The City is committed to make the payments through December 31, 2008 or until the City has paid a total of \$200,000 in tax increment to the developer. The Redevelopment Agency has paid a total of \$121,993 of tax increment through June 30, 2006 related to this commitment.

The South Davis Metro Fire Agency (Agency) provides fire and emergency medical services to the citizens of Bountiful and several surrounding communities. The Agency has full access to, and use of, the fire department assets. However, the City will retain ownership of those assets until the Agency receives its taxing authority status. Until that time, each municipality participating in the Agency will share proportionately in the Agency's operating expenses based on each municipality's total property tax assessed valuation. Bountiful's share of expenses for the fiscal year was \$1,665,363.

The City, through the Redevelopment Agency, entered into an interlocal government agreement with the Davis County School District to construct a new gymnasium, parking lot and other improvements. The gymnasium will be for the shared use of the School District and the City. In order to fund the construction, the City, through its Capital Projects Fund, has committed \$4,200,000 for initial funding. The amount may exceed this as construction circumstances change. The Redevelopment Agency has entered into contracts for demolition and architectural services, engineering services, and construction of the recreational facilities. By the terms of the agreement, Davis School District shall be the sole owner of the main gym and each party will retain ownership of that portion of the other improvements which lies on the respective party's property. As of June 30, 2006, the Redevelopment Agency has expended \$1,022,658 related to the project, of which \$48,379 is construction retention.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 18 INTERGOVERNMENTAL REVENUE

Intergovernmental revenue for the year ended June 30, 2006 consists of the following:

Utah Class "C" Road allotment	\$ 1,285,723	92.26%
City of Woods Cross RDA Tax Increment	69,999	5.02
Utah Liquor Law Enforcement Grant	24,980	1.79
Davis County Narcotics Strike Force Pass-Through	8,649	0.62
Polling Place Accessibility Grant	2,293	0.17
Homeland Security Grant	1,999	0.14
	<u>\$ 1,393,643</u>	<u>100.00%</u>

NOTE 19 LANDFILL CLOSURE

During the year ended June 30, 1990, the City and several surrounding municipalities entered into a settlement agreement (the Agreement) regarding the City's Bay Area Refuse Disposal (BARD) landfill, accounted for in the landfill closure expendable trust fund. The Agreement provided, among other things, that the City drop its civil action against the municipalities for their breach of contract and for their estimated liability under the Comprehensive Environmental Response, Compensation, and Liability Act (the Act). In return, the municipalities contributed amounts estimated to be sufficient to close the BARD and settle the remaining estimated liabilities under the Act. As of June 30, 2006, \$695,441 is being held in a trust fund until all claims are settled.

In addition to the funds arising from the settlement, the City has established a specific closure and post-closure reserve in the Landfill Operating Fund, an enterprise fund, in accordance with GASB Statement No. 18, *"Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs."* State and federal laws and regulations require the City to place a final cover on its BARD landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The estimated liability for these costs is \$1,655,459 as of June 30, 2006. The City has reported and included in accrued liabilities \$865,361 as landfill closure and post-closure care liability at June 30, 2006 which is based on 52% usage (filled) of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care as the remaining estimated capacity of the landfill is used. These amounts are based on what it would cost to perform all closure and post-closure care in 2006. The City estimates it will close the landfill in or after the year 2050. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The City is in compliance with these requirements, and, at June 30, 2006, investments of \$2,482,179 (cost and fair value) are held for these purposes. The City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 20 OPERATING TRANSFERS RECONCILIATION

At June 30, 2006, interfund balances due to or from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	Redevelopment Agency	\$ 974,279

The City, through the Redevelopment Agency, entered into an Interlocal government agreement with the Davis County School District to construct a new gymnasium, parking lot and other improvements. The gymnasium will be for the shared use of the School District and the City. By the terms of the agreement, the interest of the City in the gymnasium may be assigned to the South Davis Recreation District. In order to fund the construction, the City, through its Capital Projects Fund, has committed \$4,200,000 for initial funding. The amount may exceed this as construction circumstances change. The School District has consented to allow the City, through the Redevelopment Agency, to receive 100% of the tax increment from the 1983 RDA project area for the years 2005 to 2015. This tax increment will be used to repay the Capital Projects Fund for all amounts expended on this project plus interest at the rate paid by the Public Treasurer's Investment Fund.

In addition to the above, transfers were made which will not be repaid. These transfers occurred primarily to finance programs, accounted for in one fund, with resources collected in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2006 are as follows:

	<u>In</u>	<u>Out</u>
General Fund	\$ 2,322,867	\$ 250,000
Debt Service Fund	89,264	-
Municipal Building Authority Fund	162,119	-
Redevelopment Agency	1,430	-
Capital Projects Fund	-	252,813
Enterprise		
Light and Power Fund	-	2,322,867
Golf Course Fund	-	12,000
Recreation Fund	262,000	-
	<u>\$ 2,837,680</u>	<u>\$ 2,837,680</u>

NOTE 21 INVESTMENTS IN POWER PROJECTS AND RELATED CONTRACTS

On September 26, 1978, the Light and Power Fund (the Fund) entered into a 50-year contract with the Intermountain Power Agency (IPA) for the purchase of power. Under the terms of the agreement, the Fund is liable for an agreed-upon purchase amount of approximately 1.3% of production regardless of whether it is used or not. On December 1, 1980, the Fund entered into an excess power sales agreement whereby all power purchased from IPA in excess of the Fund's scheduled amount will be sold to a group of California cities, thus relieving the Fund's excess power purchase liability. The Fund purchased power via this contract totaling \$2,740,675 during the fiscal year ended June 30, 2006. For fiscal year 2007, the budgeted amount for this contract is \$2,725,545.

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 21 INVESTMENTS IN POWER PROJECTS AND RELATED CONTRACTS (Continued)

The Fund has a contract with Western Area Power Administration to provide a prorated share of the actual hydropower capacity from the Salt Lake City Area Integrated Projects. This contract was revised October 1989 and will be in force until September 30, 2024 and supplies about 36% of the Fund's power. The Fund purchased power via this contract totaling \$2,951,980 during the fiscal year ended June 30, 2006. For fiscal year 2007, the budgeted amount for this contract is \$3,208,387.

On July 1, 1993, the Fund entered into a power sales agreement with Utah Associated Municipal Power Systems (UAMPS) to purchase a five megawatt interest in the San Juan Unit No. 4 coal-fired power plant from Public Service of New Mexico for the sum of \$6,061,174. Under the terms of this agreement, the Fund is liable for a take-or-pay amount of 1.004% of the plant's production. The Fund purchased power via this contract totaling \$1,669,415 during the fiscal year ended June 30, 2006. For fiscal year 2007, the budgeted amount of this contract is \$1,472,967.

The Fund through UAMPS purchased an interest in the Craig-Mona 345 kV transmission line. UAMPS owns 15% of the total line and the Fund has a 22.3% entitlement of UAMPS' share of the first segment which runs west from Craig, Colorado to the Bonanza Power Plant in northeast Utah. There are no take-or-pay obligations for the purchase of power in this agreement. The Fund is responsible for its share of the O&M costs associated with the line. The Fund paid \$163,475 for O&M for the fiscal year ended June 30, 2006. For fiscal year 2007, the budgeted amount for O&M is \$86,400. The Fund through UAMPS has leased approximately half of its entitlement to PacifiCorp, for the next year. The Fund's share of the lease income is approximately \$300,000 per year.

Beginning on October 1, 2001, the Fund entered into an agreement with Deseret Power Electric Cooperative to purchase 10 megawatts during on peak and 6 megawatts during off peak. This is a take-or-pay contract which will continue through September 30, 2011. The Fund purchased power from Deseret Power via this contract totaling \$3,509,702 during the year ended June 30, 2006. For fiscal year 2007, the budgeted amount for this contract is \$3,733,872.

On June 16, 1999, the Fund, along with other members of UAMPS, entered into a Master Firm Power Supply Agreement with UAMPS for the purchase of firm power from the Idaho Power Company which has currently assigned the contract to Sempra Energy. Under the terms of the agreement, the Fund is responsible on a take-or-pay purchase for 10.08% of the total megawatts purchased by UAMPS through December 2007. The Fund purchased power via this contract totaling \$1,483,318 during the fiscal year ended June 30, 2006. For fiscal year 2007, the budgeted amount for this contract is \$1,514,914.

The Fund purchases power from, and sells power to, UAMPS and other members through the UAMPS PX system. The Fund is responsible for its budgeted share of UAMPS' O&M. In addition to the normal O&M, in March 2002 UAMPS borrowed approximately forty million dollars to cover operating shortfalls from power contracts signed during the 2000 and 2001 power crisis. This note will be repaid from individual members through a cost recovery charge (CRC). The Fund was responsible for approximately \$83,000 a month until the final CRC payment was made in April 2006. The Fund paid UAMPS a net \$237,131 for the fiscal year ended June 30, 2006 for power purchases and sales, O&M, and CRC charges. For fiscal year 2007, the budgeted amount for this is a net \$(464,499).

CITY OF BOUNTIFUL
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 22 REDEVELOPMENT AGENCY OF THE CITY OF BOUNTIFUL

For the year ended June 30, 2006, the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies for Project Area:

<u>Project Area 1</u>	
District #3	\$ 555,047
District #5	160,877
<u>Project Area 2</u>	
District #3	10,946
<u>Project Area 3</u>	
District #3	148,933
	<hr/>
	\$ 875,803
	<hr/>
Tax increment paid to other taxing agencies	
Outstanding loans to finance RDA projects	\$ -
Amounts expended for site improvements and preparation costs	1,347,885
Amounts expended for acquisition of property	369,838
Amounts expended for installation of public utilities and other public improvements	-
Amounts expended for administrative costs	509,531

NOTE 23 CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are collateralized by the property financed and are payable solely from payments received on the underlying mortgage loans.

Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2006, there were two series of Industrial Revenue Bonds outstanding, having an outstanding principal balance of \$12,535,000.

NOTE 24 SUBSEQUENT EVENTS

In August 2006, the City discontinued its recreation center operations, demolished the recreation center and pool, and transferred the land where the center was located to the South Davis Recreation District. The City incurred a loss on segment disposition of approximately \$683,000, which represents the net book value of assets demolished and/or transferred to the District. The new facility, being constructed by the District near the site of the previous recreation center, should open in January 2007.

In October 2006, the City's Redevelopment Agency sold main street property, previously recorded as Land Held for Resale, to a developer at a loss of \$68,960. The property will be used in a future retail and housing development which the City anticipates will more than repay, through future tax increment and other revenues, any loss incurred on the sale of the land.

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SUPPLEMENTAL INFORMATION

CITY OF BOUNTIFUL
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

		Special Revenue Fund		Permanent Fund	Total Nonmajor Governmental Funds
	Debt Service	Landfill Closure	Municipal Building Authority	Perpetual Care	
Assets:					
Cash and cash equivalents	\$ 6,742	\$ -	\$ 151,535	\$ -	\$ 158,277
Accounts receivable	-	-	-	-	-
Interest receivable	153	-	2,557	5,543	8,253
Investments	3,676	-	131,193	-	134,869
Notes receivable	2,422,320	-	-	-	2,422,320
Restricted assets:					
Cash and cash equivalents and investments	264,839	695,441	553,661	1,118,348	2,632,289
Total Assets	\$ 2,697,730	\$ 695,441	\$ 838,946	\$ 1,123,891	\$ 5,356,008
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,650	\$ -	\$ 6,251	\$ -	\$ 7,901
Unearned revenues	2,422,320	-	-	-	2,422,320
Total Liabilities	2,423,970	-	6,251	-	2,430,221
Fund Balances:					
Reserved for:					
Construction	-	-	279,034	-	279,034
Landfill closure	-	695,441	-	-	695,441
Perpetual care	-	-	-	1,123,891	1,123,891
Debt service	273,760	-	553,661	-	827,421
Total Fund Balances	273,760	695,441	832,695	1,123,891	2,925,787
Total Liabilities and Fund Balances	\$ 2,697,730	\$ 695,441	\$ 838,946	\$ 1,123,891	\$ 5,356,008

CITY OF BOUNTIFUL
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

		Special Revenue Fund		Permanent Fund	Total Nonmajor Governmental Funds
	Debt Service	Landfill Closure	Municipal Building Authority	Perpetual Care	
Revenues:					
Taxes	\$ 180,510	\$ -	\$ -	\$ -	\$ 180,510
Charges for services	-	-	560,296	-	560,296
Interest on investments	10,429	28,743	30,205	41,966	111,343
Miscellaneous	-	-	-	34,544	34,544
Total Revenues	190,939	28,743	590,501	76,510	886,693
Expenditures:					
General government	9,988	-	102	-	10,090
Debt service:					
Principal	152,000	-	479,000	-	631,000
Interest	111,463	-	246,092	-	357,555
Total Expenditures	273,451	-	725,194	-	998,645
Excess (Deficiency) of Revenues Over (Under) Expenditures	(82,512)	28,743	(134,693)	76,510	(111,952)
Other Financing Sources (Uses):					
Transfer in	89,264	-	162,119	-	251,383
Total Other Financing Sources (Uses)	89,264	-	162,119	-	251,383
Net Change in Fund Balances	6,752	28,743	27,426	76,510	139,431
Fund Balance, Beginning	267,008	666,698	805,269	1,047,381	2,786,356
Fund Balance, Ending	\$ 273,760	\$ 695,441	\$ 832,695	\$ 1,123,891	\$ 2,925,787

CITY OF BOUNTIFUL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL –NONMAJOR DEBT SERVICE FUND
For The Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 273,148	\$ 273,148	\$ 180,510	\$ (92,638)
Interest on investments	3,000	3,000	10,429	7,429
Total Revenues	<u>276,148</u>	<u>276,148</u>	<u>190,939</u>	<u>(85,209)</u>
Expenditures:				
General government	10,188	10,188	9,988	200
Debt service:				
Principal	152,000	152,000	152,000	-
Interest	111,463	111,463	111,463	-
Total Expenditures	<u>273,651</u>	<u>273,651</u>	<u>273,451</u>	<u>200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,497</u>	<u>2,497</u>	<u>(82,512)</u>	<u>(85,009)</u>
Other Financing Sources (Uses):				
Transfer in	-	-	89,264	89,264
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>89,264</u>	<u>89,264</u>
Net Change in Fund Balance	<u>\$ 2,497</u>	<u>\$ 2,497</u>	<u>6,752</u>	<u>\$ 4,255</u>
Fund Balance, Beginning			<u>267,008</u>	
Fund Balance, Ending			<u>\$ 273,760</u>	

CITY OF BOUNTIFUL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – NONMAJOR MUNICIPAL BUILDING
AUTHORITY SPECIAL REVENUE FUND
For The Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 717,592	\$ 717,592	\$ 560,296	\$ (157,296)
Interest on investments	7,800	7,800	30,205	22,405
Total Revenues	<u>725,392</u>	<u>725,392</u>	<u>590,501</u>	<u>(134,891)</u>
Expenditures:				
General government	300	300	102	198
Debt service:				
Principal	479,000	479,000	479,000	-
Interest	246,092	246,092	246,092	-
Total Expenditures	<u>725,392</u>	<u>725,392</u>	<u>725,194</u>	<u>198</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(134,693)</u>	<u>(134,693)</u>
Other Financing Sources (Uses):				
Transfer in	-	-	162,119	162,119
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>162,119</u>	<u>162,119</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>27,426</u>	<u>\$ 27,426</u>
Fund Balance, Beginning			<u>805,269</u>	
Fund Balance, Ending			<u>\$ 832,695</u>	

CITY OF BOUNTIFUL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL –MAJOR CAPITAL PROJECTS FUND
For The Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 2,200,000	\$ 2,225,000	\$ 4,945,822	\$ 2,720,822
Interest on investments	350,000	350,000	717,376	367,376
Miscellaneous	-	-	158,362	158,362
Total Revenues	<u>2,550,000</u>	<u>2,575,000</u>	<u>5,821,560</u>	<u>3,246,560</u>
Expenditures:				
Capital outlay	3,167,721	3,175,229	1,327,885	1,847,344
Total Expenditures	<u>3,167,721</u>	<u>3,175,229</u>	<u>1,327,885</u>	<u>1,847,344</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(617,721)</u>	<u>(600,229)</u>	<u>4,493,675</u>	<u>5,093,904</u>
Other Financing Sources (Uses):				
Transfer out	-	-	(252,813)	(252,813)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(252,813)</u>	<u>(252,813)</u>
Net Change in Fund Balance	<u>\$ (617,721)</u>	<u>\$ (600,229)</u>	<u>4,240,862</u>	<u>\$ 4,841,091</u>
Fund Balance, Beginning			<u>18,618,719</u>	
Fund Balance, Ending			<u><u>\$ 22,859,581</u></u>	

CITY OF BOUNTIFUL
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2006

Business-type Activities - Enterprise Funds

	Storm Water	Golf Course	Recreation	Sanitation	Cemetery	Total Nonmajor Enterprise Funds
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 678,624	\$ 636,839	\$ 385,485	\$ 872,462	\$ 448,661	\$ 3,022,071
Accounts receivable, net	83,441	6,621	26,221	115,575	139,427	371,285
Interest receivable	6,001	5,487	3,691	8,642	4,156	27,977
Investments	587,521	550,566	333,020	755,250	388,429	2,614,786
Inventories	-	54,924	-	-	5,271	60,195
Prepaid expenses	-	-	-	212	173	385
Total Current Assets	1,355,587	1,254,437	748,417	1,752,141	986,117	6,096,699
Noncurrent Assets:						
Capital assets, net:						
Land, land rights and water rights	-	1,869,367	136,927	-	247,151	2,253,445
Buildings, wells and reservoirs	-	320,799	545,796	11,455	-	878,050
Improvements other than buildings	-	1,085,824	62,632	3,965	85,052	1,237,473
Transmission, distribution and collection systems	5,037,932	-	-	-	-	5,037,932
Machinery and equipment	130,006	235,561	33,811	271,722	73,492	744,592
Furniture and fixtures	-	-	10,137	-	-	10,137
Construction in progress	5,061	-	-	288,506	-	293,567
Notes receivable	-	-	-	-	169,010	169,010
Total Noncurrent Assets	5,172,999	3,511,551	789,303	575,648	574,705	10,624,206
Total Assets	\$ 6,528,586	\$ 4,765,988	\$ 1,537,720	\$ 2,327,789	\$ 1,560,822	\$ 16,720,905

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CITY OF BOUNTIFUL
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS (Continued)
June 30, 2006

	Business-type Activities - Enterprise Funds					Total
	Storm Water	Golf Course	Recreation	Sanitation	Cemetery	Nonmajor Enterprise Funds
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 18,386	\$ 34,888	\$ 32,561	\$ 219,062	\$ 4,879	\$ 309,776
Compensated absences	5,281	8,602	21,732	9,943	3,701	49,259
Accrued liabilities	11,289	63,995	36,757	10,526	8,452	131,019
Total Current Liabilities	34,956	107,485	91,050	239,531	17,032	490,054
Noncurrent Liabilities:						
Compensated absences	6,137	26,350	99	12,184	9,146	53,916
Total Noncurrent Liabilities	6,137	26,350	99	12,184	9,146	53,916
Total Liabilities	41,093	133,835	91,149	251,715	26,178	543,970
Net Assets:						
Invested in capital assets, net of related debt	5,172,999	3,511,551	789,303	575,648	405,695	10,455,196
Unrestricted	1,314,494	1,120,602	657,268	1,500,426	1,128,949	5,721,739
Total Net Assets	6,487,493	4,632,153	1,446,571	2,076,074	1,534,644	16,176,935
Total Liabilities and Net Assets	\$ 6,528,586	\$ 4,765,988	\$ 1,537,720	\$ 2,327,789	\$ 1,560,822	\$ 16,720,905

CITY OF BOUNTIFUL
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For The Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds						Total Nonmajor Enterprise Funds
	Storm Water	Golf Course	Recreation	Sanitation	Cemetery		
Operating Revenues:							
Charges for services	\$ 662,085	\$ -	\$ -	\$ 789,908	\$ 100,760	\$	1,552,753
Connection and servicing	27,592	-	-	-	-	-	27,592
Admissions and lesson fees	-	724,166	657,926	-	-	-	1,382,092
Equipment and facility rents	-	347,337	206,305	-	4,850	-	558,492
Concession and merchandise sales	-	176,644	87,856	-	-	-	264,500
Sale of cemetery burial plots	-	-	-	-	175,421	-	175,421
Miscellaneous	192	698	470	412	1,250	-	3,022
Total Operating Revenues	689,869	1,248,845	952,557	790,320	282,281		3,963,872
Operating Expenses:							
Production, collection and source of supplies	433,469	-	-	-	-	-	433,469
Transmission, distribution and/or maintenance	-	640,916	963,324	447,669	184,876	-	2,236,785
Cost of concession and merchandise sales	-	112,229	78,541	-	-	-	190,770
General and administrative	131,172	162,005	287,780	147,075	76,239	-	804,271
Depreciation and amortization	470,144	166,156	104,362	115,336	25,525	-	881,523
Total Operating Expenses	1,034,785	1,081,306	1,434,007	710,080	286,640		4,546,818
Operating Income (Loss)	\$ (344,916)	\$ 167,539	\$ (481,450)	\$ 80,240	\$ (4,359)	\$	\$ (582,946)

CITY OF BOUNTIFUL
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS (Continued)
For The Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds					Total Nonmajor Enterprise Funds
	Storm Water	Golf Course	Recreation	Sanitation	Cemetery	
Nonoperating Income (Expense):						
Interest income	\$ 45,292	\$ 42,023	\$ 29,133	\$ 66,022	\$ 31,995	\$ 214,465
Gain (loss) from sale of capital assets	-	2,457	(13,702)	7,000	3,367	(878)
Total Nonoperating Income (Expense)	45,292	44,480	15,431	73,022	35,362	213,587
Income (loss) before transfers	(299,624)	212,019	(466,019)	153,262	31,003	(369,359)
Transfers in	-	-	262,000	-	-	262,000
Transfers out	-	(12,000)	-	-	-	(12,000)
Changes in Net Assets	(299,624)	200,019	(204,019)	153,262	31,003	(119,359)
Net Assets, Beginning	6,787,117	4,432,134	1,650,590	1,922,812	1,503,641	16,296,294
Net Assets, Ending	\$ 6,487,493	\$ 4,632,153	\$ 1,446,571	\$ 2,076,074	\$ 1,534,644	\$ 16,176,935

CITY OF BOUNTIFUL
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For The Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds					Total Nonmajor Enterprise Funds
	Storm Water	Golf Course	Recreation	Sanitation	Cemetery	
Cash Flows From Operating Activities:						
Receipts from customers and users	\$ 689,379	\$ 1,249,341	\$ 938,439	\$ 790,185	\$ 263,984	\$ 3,931,328
Payments to suppliers	(357,419)	(458,000)	(565,619)	(81,429)	(42,744)	(1,505,211)
Payments to employees and related benefits	(297,279)	(471,270)	(787,515)	(301,926)	(209,612)	(2,067,602)
Net cash flows from operating activities	34,681	320,071	(414,695)	406,830	11,628	358,515
Cash Flows From Non-Capital Financing Activities:						
Transfers in	-	-	262,000	-	-	262,000
Transfers out	-	(12,000)	-	-	-	(12,000)
Payment of note receivable	-	-	-	-	13,000	13,000
Net cash flows from non-capital financing activities	-	(12,000)	262,000	-	13,000	263,000
Cash Flows From Capital and Related Financing						
Purchase of capital assets	(60,028)	(53,015)	-	(474,150)	(32,844)	(620,037)
Proceeds from sales of capital assets	-	2,457	5,000	7,000	3,367	17,824
Net cash flows from capital and related financing activities	(60,028)	(50,558)	5,000	(467,150)	(29,477)	(602,213)
Cash Flows From Investing Activities:						
Interest on investments	43,138	39,015	27,854	61,959	30,251	202,217
Purchase of investments	(356,142)	(474,749)	(136,404)	(447,119)	(242,329)	(1,656,743)
Sale of investments	397,616	372,606	225,378	511,130	262,878	1,769,608
Net cash flows from investing activities	84,612	(63,128)	116,828	125,970	50,800	315,082
Net Increase (Decrease) In Cash and Cash Equivalents	59,265	194,385	(30,867)	65,650	45,951	334,384
Cash and Cash Equivalents, Beginning	619,359	442,454	416,352	806,812	402,710	2,687,687
Cash and Cash Equivalents, Ending	\$ 678,624	\$ 636,839	\$ 385,485	\$ 872,462	\$ 448,661	\$ 3,022,071

CITY OF BOUNTIFUL
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS (Continued)
For The Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds					Total Nonmajor Enterprise Funds
	Storm Water	Golf Course	Recreation	Sanitation	Cemetery	
Reconciliation of operating income to net cash flows from operating activities:						
Earnings (loss) from operations	\$ (344,916)	\$ 167,539	\$ (481,450)	\$ 80,240	\$ (4,359)	\$ (582,946)
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:						
Depreciation	470,144	166,156	104,362	115,336	25,525	881,523
Changes in assets and liabilities						
Accounts receivable, net	(490)	496	(14,118)	(135)	(18,297)	(32,544)
Inventories	-	5,813	6,800	-	2,536	15,149
Prepaid expenses	-	-	-	(212)	(173)	(385)
Accounts payable	(88,617)	(3,414)	(3,777)	212,396	3,639	120,227
Compensated absences	3,848	(17,756)	(18,450)	(85)	1,201	(31,242)
Accrued liabilities	(5,288)	1,237	(8,062)	(710)	1,556	(11,267)
Net cash flows from operating activities	\$ 34,681	\$ 320,071	\$ (414,695)	\$ 406,830	\$ 11,628	\$ 358,515

CITY OF BOUNTIFUL
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2006

	<u>Governmental Immunity</u>	<u>Workers' Compensation Self-Insurance</u>	<u>Total Internal Service Funds</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 1,793,234	\$ 747,931	\$ 2,541,165
Interest receivable	17,821	6,596	24,417
Investments	1,552,499	622,371	2,174,870
Other receivables	-	7,614	7,614
Total Current Assets	<u>3,363,554</u>	<u>1,384,512</u>	<u>4,748,066</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	469,024	-	469,024
Total Noncurrent Assets	<u>469,024</u>	<u>-</u>	<u>469,024</u>
Total Assets	<u><u>\$ 3,832,578</u></u>	<u><u>\$ 1,384,512</u></u>	<u><u>\$ 5,217,090</u></u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 25,634	\$ 51,412	\$ 77,046
Accrued liabilities	2,156	1,179	3,335
Total Liabilities	<u>27,790</u>	<u>52,591</u>	<u>80,381</u>
Net Assets:			
Restricted for insurance deposit	469,024	-	469,024
Unrestricted	3,335,764	1,331,921	4,667,685
Total Net Assets	<u>3,804,788</u>	<u>1,331,921</u>	<u>5,136,709</u>
Total Liabilities and Net Assets	<u><u>\$ 3,832,578</u></u>	<u><u>\$ 1,384,512</u></u>	<u><u>\$ 5,217,090</u></u>

CITY OF BOUNTIFUL
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2006

	Governmental Immunity	Workers' Compensation Self-Insurance	Total Internal Service Funds
Operating Revenues:			
Charges for services	\$ 252,911	\$ 214,545	\$ 467,456
Miscellaneous	1,202	-	1,202
Total Operating Revenues	254,113	214,545	468,658
Operating Expenses:			
Claims	195,418	89,839	285,257
General and administrative	498,589	72,506	571,095
Total Operating Expenses	694,007	162,345	856,352
Operating Income (Loss)	(439,894)	52,200	(387,694)
Nonoperating Income (Expense):			
Interest income	156,031	49,613	205,644
Total Nonoperating Income (Expense)	156,031	49,613	205,644
Changes in Net Assets	(283,863)	101,813	(182,050)
Net Assets, Beginning	4,088,651	1,230,108	5,318,759
Net Assets, Ending	\$ 3,804,788	\$ 1,331,921	\$ 5,136,709

CITY OF BOUNTIFUL
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2006

	Governmental Immunity	Workers' Compensation Self-Insurance	Total Internal Service Funds
Cash Flows From Operating Activities:			
Receipts from customers and users	\$ 254,113	\$ 213,863	\$ 467,976
Payments to suppliers	(636,740)	(147,908)	(784,648)
Payments to employees and related benefits	(63,771)	(32,344)	(96,115)
Net cash flows from operating activities	<u>(446,398)</u>	<u>33,611</u>	<u>(412,787)</u>
Cash Flows From Investing Activities:			
Interest on investments	149,431	46,814	196,245
Purchase of investments	(759,706)	(403,089)	(1,162,795)
Sale of investments	1,050,683	421,201	1,471,884
Net cash flows from investing activities	<u>440,408</u>	<u>64,926</u>	<u>505,334</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(5,990)	98,537	92,547
Cash and Cash Equivalents, Beginning	<u>2,268,248</u>	<u>649,394</u>	<u>2,917,642</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 2,262,258</u></u>	<u><u>\$ 747,931</u></u>	<u><u>\$ 3,010,189</u></u>
Reconciliation of operating income to net cash flows from operating activities:			
Earnings (loss) from operations	\$ (439,894)	\$ 52,200	\$ (387,694)
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:			
Changes in assets and liabilities			
Accounts receivable, net	-	(682)	(682)
Accounts payable	(6,682)	(17,534)	(24,216)
Accrued liabilities	178	(373)	(195)
Net cash flows from operating activities	<u><u>\$ (446,398)</u></u>	<u><u>\$ 33,611</u></u>	<u><u>\$ (412,787)</u></u>

**CITY OF BOUNTIFUL
IMPACT FEE SCHEDULE
For The Year Ended June 30, 2006**

Water

During the year beginning July 1, 2005, the City collected Water impact fees from and expend Water impact fees within the following project areas (see map):

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Total
Collected From:	\$ 113,956	\$ 14,704	\$ 34,922	\$ 3,676	\$ 28,390	\$ 80,872	\$ 276,520
Expended Within:	262,661	-	-	-	65,000	11,969	339,630

- Area 1 - Secondary water provided by Weber Basin Water District (Irrigated)
- Area 2 - Non-irrigated (Eagle Ridge area)
- Area 3 - Non-irrigated (Stoneridge/Maple Hills area)
- Area 4 - Non-irrigated (Sunset Hollow area)
- Area 5 - Non-irrigated (Highland Oaks area)
- Area 6 - Non-irrigated (Summerwood/Bridlewood area)

Amounts were expended within project areas according to the City's Water Department Capital Expense 10-Year Plan. Impact fees collected during periods beginning after June 30, 2006 will be expended according to the City's Water Department Capital Expense 10-Year Budget, a copy which is attached.

Also included in this schedule is a description of the Bountiful City Water System. Information in this description is useful in understanding the basis for collecting and expending Water impact fees.

Storm Water

During the year beginning July 1, 2005, the City collected Storm Water impact fees from and expensed Storm Water impact fees within the following project areas:

	All Areas
Collected From:	\$ 20,363
Expended Within:	17,717
Carryover	\$ 2,646

The "carryover" amount shown above is budgeted to be expended during the year beginning July 1, 2006.

Bountiful City Water System Description

The Bountiful City culinary water system, as all water systems, consists of three major components, water source or supply, water storage and water distribution. The following is a very brief description of how these three components work together.

Water Sources or Supply

Bountiful City receives culinary water from three sources. Our primary source (60%) is city owned and operated wells. The City has seven functioning wells and two others that can be used in case of emergency. Three of the largest producing wells are located west of 100 East Street at the geographic bottom of the system, while the two smallest producing wells are located in Mueller Park, at the top of the system. The other two wells are located either on or near Davis Blvd., about midway up the hill in the City.

**CITY OF BOUNTIFUL
IMPACT FEE SCHEDULE (Continued)
For The Year Ended June 30, 2006**

Bountiful City Water System Description (continued)

Water Sources or Supply (continued)

Our second source of water (20%) is a treatment plant located in Mueller Park to treat Mill Creek water.

Our third source of water accounts for about 20% of our culinary demand and is water purchased from the Weber Basin Water District. That water is delivered at 1500 South and Orchard Drive which is in our lowest reservoir zone.

Water Storage

The City operates 14 culinary water reservoirs located at set elevation intervals up the hill in the City. The water pressure in the system is achieved as a result of the head (or elevation difference) below the reservoirs. None of the system uses inline mechanical pressure pumps to provide additional pressure to the system. Booster pumps are used, however, to lift water from the sources, most of which are located at lower elevations, into the reservoirs which are located at elevations higher than the sources. Except for the water from the treatment plant and the two small Mueller Park wells, about 20% of the total supply, all water used in the City has to be pumped from the sources to the storage reservoirs.

Water Distribution

The City's water distribution system consists of pipes ranging from 2" in diameter to 12" in diameter. As the system has developed, the minimum standard size for distribution piping has evolved from 2" to the current 6"-8". In years past, the vast majority of pipe installed was 6" in diameter and most of the pipe in the system is now 6". Relatively small amounts of 8", 10", and 12" pipe were installed in areas where demand was known to be high, or in rare cases, to act as transmission lines between supply sources and reservoirs. For the most part however, the network of 6" pipes working in parallel have been and continue to be used as the work horse of the transmission system.

Because the demand for water continues to grow on the east side of the City, and the supply of culinary continues to be on the west side of the City, the Bountiful City Water Department has adopted a policy of installing 8" water lines in almost all cases where a 6" line is replaced. An 8" line has about 80% more carrying capacity than a 6" line, therefore, whenever a 6" line is replaced anywhere in the system with a new 8" line, it improves the ability to move water from the sources on the west side of the City to the storage reservoirs on the east side of the City. With the few exceptions of dead-end lines that serve limited areas, all of the distribution lines in the City work as the transmission system also, therefore, any increase in size or replacement of old plugged lines helps transmit water from the sources to the demand points. This type of system allows for the necessary redundancy required in a culinary water system, however, as a result of the system approach to transmission, increased demands on the east side of the City produce an impact on the distribution piping on the west side of the City.

WATER IMPACT FEE REPORT

FY06

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BOUNTIFUL CITY



CITY OF BOUNTIFUL
IMPACT FEE SCHEDULE (Continued)
For The Year Ended June 30, 2006

WATER DEPARTMENT CAPITAL EXPENSE 10-YR PROJECTION																
51-5100																
(Costs in \$1000s)																
Future costs beyond the budgeting year include 3% annual inflation factor																
CATEGORY	ACCT #	DESCRIPTION	Today's Cost	Cmt Yr 2007	Bdgt Yr 2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	10-YR TOTAL	
LAND																
	1611	0000	Acquire "No-Man's Land" adjacent to LMH	0												
	1611	0000	Acquire tank site nr Sunset Hollow (NC System)	120	120										120	
	1611	0000	Acquire tank site @ Upper Maple Hills	120			127								127	
BUILDINGS																
	1621	0000	Const new HQ bldg (27,075 sf @ \$166.31/sf)	4,179	4000	179									4179	
	1621	0000	WTP Struct add'n and Other Bldg Imprvmts	100							119				119	
	1621	0000	Rebuild Zesiger Well House	130			142								142	
RESERVOIRS																
	1621	2000	Replace Mill Creek Reservoir	1,000						1194					1194	
	1621	2000	Construct suppl tank to augment Maple Hills	500			546								546	
	1621	2000	Construct suppl tank @ SS Hollow (N.Can Syst)	500		530									530	
WELLS																
	1621	3000	Rehab Zesiger well w/screen & gravel pack	150			164								164	
	1621	3000	Rework Barton Creek Well (Fix Radium Problem)	100								127			127	
TREATMENT FACILITIES (Proposed new account #)																
	1621	5000	Reconstruct WTP Intake Struct.	50							61				61	
	1621	5000	Reconstruct Decant Pond	100		106									106	
IMPROVEMENTS OTHER THAN BUILDINGS (SITE IMPROVEMENTS?)																
	1631	0000	Ashdown site Indscpg, grading & drainage	75				84							84	
	1631	0000	Barton Creek Well/PH Access/Landscape	15		15									15	
	1631	0000	Stoneridge Road & Drainage Improvements	30		31									31	
DISTRIBUTION PIPING & APPURTENANCES																
	1631	1000	400E: 2200S-1700S (2270' 8" @ \$60)	136		136										
	1631	1000	550N: 900E-1000E (865' of 8" @ \$55)	37												
	1631	1000	1000E: 400N-700N (1080' of 8" @ \$55)	58												
	1631	1000	800E: 650N-900N (850' of 8" @ \$55)	47												
	1631	1000	775N: 400E-600E + Loop (2215' of 8" @ \$55)	122												
	1631	1000	RP Wicker/50W: Orch-200W (3425' @ \$55)	189	189										189	
	1631	1000	RP Ashdn pmp line phase 2 (1400' @ \$65)	90			95								95	
	1631	1000	RP Annual Misc Replacement Program	500/yr	250	379	435	546	563	580	597	615	633	652	5922	
	1631	1000	DV Orchard Lane: (365' 8" @ \$45)	16	16										16	
	1631	1000	1050S: 300W-200W (850' of 8" @ \$70)	48	28											
	1631	1000	Mill Creek Way/Orch'd-400E (485' of 12" @ \$75)	36												
	1631	1000	MillCrk/Wdmd/Wstwd: (3200' of 8" @ \$60)	192												
OFFICE FURNITURE & EQUIPMENT																
	1641	0000	Equip new HQ building	75	75										75	
SYSTEM MACHINERY & EQUIPMENT																
	1651	0000	Gross Alpha Trt. @ Barton Cr. Well	100												
	1651	0000	Radon Treatment	250												
	1651	0000	Redo Pumps @ North Canyon B.S.	60		62									62	
	1651	0000	Re-equip Zesiger well	50		53									53	
	1651	0000	Emergency Mobile Generators	50		50			55						105	
	1651	0000	Replace small Btrn Cr Bstr pumps	60		60									60	
	1651	0000	Misc. Eqp't Upgrades	50												
	1651	0000	Re-equip Mueller Pk Well	70		70										
VEHICLES & OPERATIONS EQUIPMENT																
	1661	0000	1102: '00 Chev 1/2 T 4X4 (DMZ) (68,473m)	24		25							31		56	
	1661	0000	1108: '88 International 10-wt dump	105	105										105	
	1661	0000	1110: '2007 Int'l 10-Wt Dump	105												
	1661	0000	1111: '00 International 10-Wheel Dump	105												
	1661	0000	1112:													
	1661	0000	1113: '00 JD 310E Backhoe S/N -883641	60				68							68	
	1661	0000	1114: '04 JD 410E Backhoe S/N -940275	44			52					60			112	
	1661	0000	1115: '02 JD 410G Backhoe S/N -906789	45		48					56				104	
	1661	0000	1116:													
	1661	0000	1117:													
	1661	0000	1118: '96 LR P185WJD compressor	15										20	20	
	1661	0000	1119: '98 Dodge 3500 (Crew #3-JC) (70,054m)	40	40		50						56		146	
	1661	0000	1120: '99 Dodge BR1500 (Seas) (80,900m)	20		21					24				45	
	1661	0000	1121:													
	1661	0000	1122: '01 Dodge Ram 3500 Ch-Cb (Garn) (35,06	25		26							32		58	
	1661	0000	1123: Portable Generator (20KW @ Shop)	20												
	1661	0000	1124: '02 Dodge Ram 1500 Quadcab (Mark) (30,	25			27					31			58	
	1661	0000	1125: '03 Chev CK3500 (Crew #2-TH) (28,660m)	45					51						51	
	1661	0000	1126: '03 Chev Silv. CK2500 (Brett) (23,886m)	25		27						31			58	
	1661	0000	1127: '04 Ford F150 SuprCab (DMW) (5,785m)	25	25	2			30					35	92	
	1661	0000	1128: '06 Chev Colorado (Moss)	24					27							
	1661	0000	1129: '06 Ford F550 (Crew #1-TB)	45							54			31	41	
	1661	0000	1155: '96 Ford F350 C&C w/Dump Bed	40			33								33	
	1661	0000	1158: '96 Ford F350 C&C w/Flatbed & Crane	40		41									41	
	1661	0000	xxxx: '94 Spoilvac 150 Trlr Mount	50		52									52	
TOTAL PROJECTED BUDGET YEAR CAPITAL COSTS					4846	1195	1452	1483	848	610	1925	857	883	739	727	15565
Misc Unscheduled projects																
	1621	2000	Seal Side Walls @ BC Tank	15												
	1621	4000	750 lf shallow receptor in street to rpte back-lot lin	18												
	1621	5000	Develop Barton Creek Water	500												
	1631	1000	Inst Non-Fluor source @ well	15												
	1651	0000	Replace B.C. Well pump/motor	40												

STATISTICAL SECTION

CITY OF BOUNTIFUL
Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)
Table 1

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities				
Investment in capital assets, net of related debt	\$ 61,785,831	\$ 70,459,760	\$ 71,268,430	\$ 70,692,139
Restricted	8,282,356	3,953,521	3,284,509	3,101,313
Unrestricted	27,804,721	27,790,705	30,373,608	34,658,388
Total governmental activities net assets	\$ 97,872,908	\$ 102,203,986	\$ 104,926,547	\$ 108,451,840
Business-type Activities				
Invested in capital assets, net of related debt	\$ 49,421,303	\$ 45,308,841	\$ 43,449,928	\$ 43,003,449
Restricted	557,822	557,822	-	-
Unrestricted	33,647,092	33,218,936	34,597,312	36,228,914
Total business-type activities net assets	\$ 83,626,217	\$ 79,085,599	\$ 78,047,240	\$ 79,232,363
Primary Government				
Invested in capital assets, net of related debt	\$ 111,207,134	\$ 115,768,601	\$ 114,718,358	\$ 113,695,588
Restricted	8,840,178	4,511,343	3,284,509	3,101,313
Unrestricted	61,451,813	61,009,641	64,970,920	70,887,302
Total primary government net assets	\$ 181,499,125	\$ 181,289,585	\$ 182,973,787	\$ 187,684,203

CITY OF BOUNTIFUL
Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)
Table 2

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Government Activities:				
General governmental	\$ 2,355,754	\$ 2,558,680	\$ 2,728,127	\$ 2,950,798
Public safety	6,739,630	6,996,107	7,233,939	7,348,694
Highways and streets	2,973,489	3,345,738	3,307,057	3,443,672
Planning and engineering	929,609	943,017	959,797	964,072
Parks	621,543	652,659	655,328	686,785
Redevelopment	40,586	115,585	368,906	1,431,999
Interest on long-term debt	203,374	405,936	386,903	353,735
Total governmental activities expenses	13,863,985	15,017,722	15,640,057	17,179,755
Business-type Activities:				
Water	2,097,791	2,306,064	2,556,365	2,569,321
Light and Power	17,671,515	698,890	19,641,972	19,933,617
Landfill	844,780	19,638,313	1,137,119	897,504
Storm Water	755,070	819,334	1,109,633	1,034,785
Sewer (1)	951,187	798,324	-	-
Golf Course	1,108,974	1,067,225	1,109,632	1,081,306
Recreation	1,411,958	1,441,275	1,450,748	1,447,709
Sanitation	610,181	649,385	672,534	710,080
Cemetery	206,055	261,099	262,639	283,273
Total business-type activities expenses	25,657,511	27,679,909	27,940,642	27,957,595
Total primary government expenses	\$ 39,521,496	\$ 42,697,631	\$ 43,580,699	\$ 45,137,350
Program Revenues				
Government Activities:				
Charges for Services	\$ 3,324,538	\$ 3,127,555	\$ 3,122,542	\$ 3,341,596
Operating Grants and Contributions	1,437,913	1,528,072	1,130,144	1,323,644
Capital Grants and Contributions	-	100,000	533,800	62,362
Total governmental activities program revenues	4,762,451	4,755,627	4,786,486	4,727,602
Business-type Activities:				
Charges for Services:				
Water	1,836,458	1,916,585	2,012,075	2,100,134
Light and Power	18,519,535	19,488,673	20,373,836	22,341,458
Landfill	908,355	1,005,869	1,103,032	1,089,457
Storm Water	674,835	678,596	716,014	689,869
Sewer (1)	758,032	715,330	-	-
Golf Course	1,127,153	1,196,286	1,171,183	1,248,845
Recreation	1,043,849	959,488	951,597	952,557
Sanitation	765,774	775,491	771,547	790,320
Cemetery	247,560	219,246	269,967	282,281
Capital grants and contributions	1,192,746	502,610	537,465	673,468
Total business-type activities program revenues	27,074,297	27,458,174	27,906,716	30,168,389
Total primary government program revenues	\$ 31,836,748	\$ 32,213,801	\$ 32,693,202	\$ 34,895,991
Net (expense)/revenue				
Governmental activities	\$ (9,101,534)	\$ (10,262,095)	\$ (10,853,571)	\$ (12,452,153)
Business-type activities	1,416,786	(221,735)	(33,926)	2,210,794
Total primary government net expense	\$ (7,684,748)	\$ (10,483,830)	\$ (10,887,497)	\$ (10,241,359)

(1) The City transferred all sewer operations to South Davis Sewer District in January 2004.

CITY OF BOUNTIFUL
Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)
Table 2 (continued)

	Fiscal Year			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 2,872,344	\$ 3,089,777	\$ 3,118,929	\$ 3,313,916
Sales taxes	4,528,974	4,918,313	5,029,511	5,654,737
Franchise taxes	2,281,391	2,483,870	2,951,450	3,114,632
Interest on investments	761,354	618,754	869,986	1,419,877
Other	528,134	185,431	202,702	401,417
Gain (loss) on sale of capital assets	4,105	52,415	(224,895)	-
Special items	(1,702,049)	-	-	-
Transfers	1,578,165	1,582,914	1,628,449	2,072,867
Total governmental activities	<u>10,852,418</u>	<u>12,931,474</u>	<u>13,576,132</u>	<u>15,977,446</u>
Business-type Activities:				
Sales taxes	241,682	-	-	-
Interest on investments	482,858	418,461	624,016	1,037,739
Gain (loss) on sale of capital assets	(2,818)	(32,794)	-	9,457
Special items	(950,724)	-	-	-
Transfers	(1,578,165)	(1,582,914)	(1,628,449)	(2,072,867)
Loss on disposal of segment of business	-	(3,121,636)	-	-
Total business-type activities	<u>(1,807,167)</u>	<u>(4,318,883)</u>	<u>(1,004,433)</u>	<u>(1,025,671)</u>
Total primary government	<u>\$ 9,045,251</u>	<u>\$ 8,612,591</u>	<u>\$ 12,571,699</u>	<u>\$ 14,951,775</u>
Change in Net Assets				
Governmental activities	\$ 1,750,884	\$ 2,669,379	\$ 2,722,561	\$ 3,525,293
Business-type activities	(390,381)	(4,540,618)	(1,038,359)	1,185,123
Total primary government	<u>\$ 1,360,503</u>	<u>\$ (1,871,239)</u>	<u>\$ 1,684,202</u>	<u>\$ 4,710,416</u>

CITY OF BOUNTIFUL
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Table 3

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 62,575	\$ -	\$ 55,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,552,055	1,542,476	1,543,653	1,552,955	1,843,998	1,353,625	2,114,778	2,083,648	2,125,154	2,107,765
Total General Fund	<u>\$ 1,614,630</u>	<u>\$ 1,542,476</u>	<u>\$ 1,599,069</u>	<u>\$ 1,552,955</u>	<u>\$ 1,843,998</u>	<u>\$ 1,353,625</u>	<u>\$ 2,114,778</u>	<u>\$ 2,083,648</u>	<u>\$ 2,125,154</u>	<u>\$ 2,107,765</u>
All other governmental funds										
Reserved	\$ 5,086,719	\$ 4,809,126	\$ 4,549,256	\$ 4,122,908	\$ 324,491	\$ 187,699	\$ 8,219,595	\$ 2,768,576	\$ 3,083,275	\$ 2,925,787
Unreserved, reported in:										
Capital projects funds	4,992,944	7,309,975	9,868,179	12,559,744	13,097,377	13,786,572	16,018,441	16,667,805	18,321,800	22,859,581
Special revenue funds	1,383,412	1,832,954	1,117,156	1,526,395	2,149,621	3,694,789	4,058,611	4,687,677	4,473,103	4,082,921
Debt service funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 11,463,075</u>	<u>\$ 13,952,055</u>	<u>\$ 15,534,591</u>	<u>\$ 18,209,047</u>	<u>\$ 15,571,489</u>	<u>\$ 17,669,060</u>	<u>\$ 28,296,647</u>	<u>\$ 24,124,058</u>	<u>\$ 25,878,178</u>	<u>\$ 29,868,289</u>

CITY OF BOUNTIFUL
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Table 4

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Taxes (see Table 5)	\$ 7,876,024	\$ 8,432,074	\$ 8,776,425	\$ 9,018,296	\$ 10,005,500	\$ 10,268,813	\$ 9,682,709	\$ 10,491,960	\$ 11,099,890	12,083,285
Licenses and permits	466,500	672,688	620,468	690,729	679,710	614,790	899,922	752,419	745,235	966,550
Intergovernmental	946,928	1,486,885	1,420,041	1,546,707	1,557,195	1,479,029	1,506,587	1,694,238	1,238,950	1,393,643
Charges for services	1,061,736	1,391,063	1,631,673	1,727,133	1,915,137	2,413,087	2,310,175	2,283,123	2,264,069	2,187,715
Fines and forfeitures	126,094	115,932	104,218	115,200	113,532	113,606	102,338	88,090	85,941	102,177
Interest on investments	818,784	855,094	920,411	1,096,828	1,376,392	611,000	641,133	532,714	741,189	1,214,233
Miscellaneous	321,883	526,189	481,763	365,255	409,131	290,454	260,025	187,287	811,249	844,997
Total Revenues	11,617,949	13,479,925	13,954,999	14,560,148	16,056,597	15,790,779	15,402,889	16,029,831	16,986,523	18,792,600
Expenditures										
General government	1,766,849	1,925,582	1,863,325	2,008,786	2,011,601	2,102,765	2,182,048	2,387,560	2,405,183	2,489,393
Public safety	4,688,627	5,018,755	5,197,614	5,567,989	5,835,933	5,751,425	5,869,759	6,073,026	6,289,379	6,246,997
Highways and streets	1,278,932	1,379,273	1,365,671	1,387,275	1,499,076	1,623,619	2,105,411	2,465,470	2,445,684	2,431,779
Planning and engineering	734,401	748,731	787,521	822,000	925,826	857,448	903,685	916,338	917,673	944,770
Parks	340,548	356,504	359,447	367,709	388,056	430,771	472,386	493,190	491,351	517,981
Redevelopment	22,807	28,617	23,966	23,438	23,573	25,596	28,325	163,774	997,144	1,857,416
Capital outlay	6,547,876	2,796,660	5,309,970	2,712,397	2,190,553	3,272,545	1,957,564	8,757,968	2,722,764	1,434,255
Forgiveness of advance - L & P Fund	-	-	-	-	6,708,456	-	-	-	-	-
Debt service:										
Bond issuance costs	-	-	-	-	-	-	274,064	2,242	-	-
Principal	197,174	258,630	324,506	395,000	415,000	806,000	164,000	243,000	521,000	631,000
Interest and fiscal charges	227,557	279,851	305,398	254,934	226,222	188,175	147,374	387,888	376,998	357,555
Total expenditures	15,804,771	12,792,603	15,537,418	13,539,528	20,224,296	15,058,344	14,104,616	21,890,456	17,167,176	16,911,146
Excess of revenues over (under) expenditures	\$ (4,186,822)	\$ 687,322	\$ (1,582,419)	\$ 1,020,620	\$ (4,167,699)	\$ 732,435	\$ 1,298,273	\$ (5,860,625)	\$ (180,653)	\$ 1,881,454

CITY OF BOUNTIFUL
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)
Table 4 (continued)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Other financing sources (uses):										
Operating transfers in	\$ 2,338,130	\$ 2,703,610	\$ 2,873,352	\$ 2,482,859	\$ 2,713,281	\$ 2,749,854	\$ 2,557,841	\$ 2,324,262	\$ 2,408,392	2,575,680
Operating transfers out	(312,372)	(974,106)	(1,014,804)	(875,137)	(892,097)	(3,165,388)	(979,676)	(741,348)	(531,408)	(502,813)
Bond proceeds	-	-	1,363,000	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	346,706	-	-	-
Sale of bonds	-	-	-	-	-	-	6,593,039	-	-	-
Sale of assets	-	-	-	-	-	-	61,820	-	-	-
Total other financing sources (uses)	2,025,758	1,729,504	3,221,548	1,607,722	1,821,184	(415,534)	8,579,730	1,656,906	1,976,279	2,091,268
Net change in fund balances	\$ (2,161,064)	\$ 2,416,826	\$ 1,639,129	\$ 2,628,342	\$ (2,346,515)	\$ 316,901	\$ 9,878,003	\$ (4,203,719)	\$ 1,795,626	3,972,722
Debit service as a percentage of non-capital expenditures	4.81%	5.69%	6.56%	6.39%	3.69%	9.21%	2.26%	5.05%	6.63%	6.82%

CITY OF BOUNTIFUL
Governmental Activities Tax Revenues by Source
(modified accrual basis of accounting)
Last Ten Fiscal Years
Table 5

Fiscal Year	Property Taxes	Sales and Use Taxes	Franchise Taxes	Fees in Lieu of Property Tax	Total
1997	\$ 1,393,170	\$ 4,570,490	\$ 1,541,989	\$ 370,375	\$ 7,876,024
1998	1,698,335	4,703,922	1,628,126	401,691	8,432,074
1999	1,751,132	5,005,574	1,637,717	382,002	8,776,425
2000	1,821,837	5,147,313	1,684,171	364,975	9,018,296
2001	2,089,719	5,378,881	2,140,424	396,476	10,005,500
2002	1,863,136	5,727,070	2,337,390	341,217	10,268,813
2003	1,943,382	5,089,576	2,281,391	368,360	9,682,709
2004	2,685,956	4,918,313	2,483,870	403,821	10,491,960
2005	2,786,040	5,029,511	2,951,451	332,888	11,099,890
2006	3,003,132	5,654,737	3,114,632	310,784	12,083,285

CITY OF BOUNTIFUL
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Table 6

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Taxable value (in thousands) (1)	\$ 1,542,240	\$ 1,659,059	\$ 1,489,590	\$ 1,547,032	\$ 1,646,590	\$ 1,645,842	\$ 1,660,272	\$ 1,677,734	\$ 1,734,127	\$ 1,904,663
Estimated actual value	\$ 2,275,200	\$ 2,367,491	\$ 2,463,280	\$ 2,539,961	\$ 2,665,220	\$ 2,685,714	\$ 2,712,016	\$ 2,760,740	\$ 2,848,812	\$ 3,051,402
Ratio of assessed value to estimated actual value	67.8%	70.1%	60.5%	60.9%	61.8%	61.3%	61.2%	60.8%	60.9%	62.4%

(1) All taxable property is assessed and taxed on the basis of its fair market value. Utah law requires that the fair market value of property that is assessed by County Assessor, using a comparable sales or a cost appraisal method, exclude expenses related to property sales transactions. For tax purposes, the fair market value of primary residential property is reduced by 45% under present law. Taxable value is net of Redevelopment Agency value.

Source: Davis County Auditor's Office

CITY OF BOUNTIFUL
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
Table 7

Fiscal Year	Total Direct	Davis County School District	Davis County	Overlapping Rates						
				Weber Basin Water	Mosquito Abatement District	Bountiful Water Subconservancy District	South Davis Sewer District	City of Bountiful	Davis County Library	South Davis Recreation District
1997	0.012626	0.007408	0.002848	0.000154	0.000066	0.000137	0.000457	0.001235	0.000321	-
1998	0.012686	0.007604	0.002648	0.000145	0.000123	0.000126	0.000424	0.001318	0.000298	-
1999	0.011575	0.007393	0.001833	0.000139	0.000120	0.000123	0.000415	0.001260	0.000292	-
2000	0.011427	0.007370	0.001769	0.000139	0.000064	0.000122	0.000408	0.001270	0.000285	-
2001	0.011645	0.007600	0.001664	0.000193	0.000061	0.000143	0.000358	0.001195	0.000431	-
2002	0.011672	0.007610	0.001650	0.000193	0.000061	0.000150	0.000361	0.001216	0.000431	-
2003	0.012148	0.007731	0.001954	0.000196	0.000094	0.000152	0.000364	0.001223	0.000434	-
2004	0.012242	0.007821	0.001948	0.000198	0.000093	0.000153	0.000366	0.001231	0.000432	-
2005	0.012549	0.007684	0.001921	0.000193	0.000091	0.000147	0.000357	0.001194	0.000426	0.000536
2006	0.011751	0.007305	0.001739	0.000178	0.000086	0.000139	0.000341	0.001119	0.000403	0.000441

Source: Davis County Comprehensive Annual Financial Report.

CITY OF BOUNTIFUL
Principal Property Tax Payers
Prior Year and Nine Years Ago
Table 8

	December 31, 2005 taxable valuation				December 31, 1997 taxable valuation			
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	
<u>Taxpayer</u>								
Hospital Corporation of Utah	\$ 17,077,557	1	0.98	%	\$ 13,757,249	2	0.89	%
Qwest Communications	15,817,823	2	0.91		18,505,800	1	1.20	
MABEK Company	14,764,202	3	0.85		3,841,349	6	0.25	
Questar	6,756,031	4	0.39		5,930,520	4	0.38	
Bill Olson Investment, LTD	5,355,790	5	0.31		3,001,687	10	0.19	
Winegar's Shopping Center	4,584,270	6	0.26		8,921,563	3	0.58	
Miller/Horne Carrington Place, LLC	4,405,852	7	0.25		5,516,096	5	0.36	
Albertson's Inc.	4,160,479	8	0.24					
Bountiful Fitness Partners	3,760,570	9	0.22					
Health Care Property Investors, Inc.	3,546,610	10	0.20					
Packer Properties, Inc.					3,450,090	7	0.22	
Bel Air Sheet Metal and Tube, Et Al					3,255,682	8	0.21	
Terteling Land Company					3,145,029	9	0.20	
	<u>\$ 80,229,184</u>				<u>\$ 69,325,065</u>			

Taxable Value	\$ 1,734,126,734	\$ 1,542,240,306
---------------	------------------	------------------

CITY OF BOUNTIFUL
Property Tax Levies and Collections
Last Ten Years
Table 9

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the			Collection in Subsequent Years (1)	Total Collections to Date	
		Fiscal Year of the Levy		Percentage of Levy		Amount	Percentage of Levy
		Amount	(1)				
1997	\$ 1,762,818	\$ 1,709,114		97.0	\$ 76,208	\$ 1,785,322	101.3
1998	2,129,116	2,041,936		95.9	81,057	2,122,993	99.7
1999	2,174,506	2,090,435		96.1	91,874	2,182,309	100.4
2000	2,213,173	2,152,410		97.3	85,165	2,237,575	101.1
2001	2,548,960	2,431,777		95.4	100,161	2,531,938	99.3
2002	2,300,699	2,200,837		95.7	71,113	2,271,950	98.8
2003	2,344,741	2,233,201		95.2	87,714	2,320,915	99.0
2004	2,409,170	2,317,429		96.2	61,490	2,378,919	98.7
2005	2,326,636	2,235,848		96.1	52,677	2,288,525	98.4
2006	2,192,503	1,886,250		86.0	41,027	1,927,277	87.9

(1) Property taxes are levied January 1 and received on November 30.

Payments are not considered delinquent until after November 30.

(2) Levy includes all real and personal property plus fee in lieu of property taxes.

CITY OF BOUNTIFUL
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Table 10

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Revenue Bonds	Notes Payable	Revenue Bonds	Notes Payable				
1997	\$ -	\$ -	\$ 3,870,000	\$ 627,680	\$ -	\$ -	\$ 4,497,680	0.62 %	\$ 728,352,260	\$ 110
1998	-	-	3,622,000	617,050	-	-	4,239,050	0.53	803,468,050	106
1999	-	-	4,670,000	10,000	-	-	4,680,000	0.57	827,649,743	116
2000	-	-	4,275,000	-	-	-	4,275,000	0.48	884,860,488	104
2001	-	-	3,860,000	-	-	-	3,860,000	0.42	927,059,707	92
2002	-	-	3,054,000	-	-	-	3,054,000	0.34	894,915,255	72
2003	-	2,710,000	6,680,000	-	-	-	9,390,000	1.06	882,488,271	218
2004	-	2,640,000	6,507,000	-	-	-	9,147,000	1.01	909,848,665	211
2005	-	2,492,000	6,134,000	-	-	-	8,626,000	0.95	909,037,166	199
2006	-	2,340,000	5,655,000	-	-	-	7,995,000	N/A	N/A	184

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

N/A = Data not available.

Population from Census Bureau, Wasatch Front Regional Council and City estimates.
Income number from State Tax Commission - federal return data by City (AGI).

CITY OF BOUNTIFUL
Risk of General Bond Debt Outstanding
Last Ten Fiscal Years
Table 11

Fiscal Year Ended June 30,	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1997	\$ -	\$ -	\$ -	- %	\$ -
1998	-	-	-	-	-
1999	-	-	-	-	-
2000	-	-	-	-	-
2001	-	-	-	-	-
2002	-	-	-	-	-
2003	-	-	-	-	-
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	-	-	-	-	-

CITY OF BOUNTIFUL
Direct and Overlapping Governmental Activities Debt
As of June 30, 2006
Table 12

	Total debt	Applicable to City		To taxable value of	Debt ratios To fair market value of	Per capita - population of
		Percentage	Amount			
Direct general obligation debt	\$ -	100.00%	\$ -	\$ 1,734,127,000	\$2,848,812,000	43,350 (est.)
Overlapping debt:						
State of Utah (1)	\$ -		\$ -			
Weber Basin Water Conservancy District	35,212,376	6.30%	2,220,030			
Davis County	24,610,000	15.86%	3,904,151			
Davis School District	223,365,000	10.93%	24,413,795			
South Davis Recreation District	18,215,000	43.46%	7,915,636			
Total Overlapping debt	266,190,000		30,537,976			
Total applicable to the City	\$ 266,190,000		\$ 30,537,976	1.76%	1.07%	\$ 704

(1) The State of Utah general obligation debt is not included in the debt ratios because the State of Utah currently levies no ad valorem tax for payment of general obligation bonds.

Source: Davis County Auditor

CITY OF BOUNTIFUL
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)
Table 13

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit - 12% of total assessed value	\$ 155,503	\$ 167,988	\$ 174,788	\$ 180,420	\$ 194,716	\$ 192,664	\$ 195,502	\$ 201,005	\$ 195,527	\$ 208,095
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 155,503	\$ 167,988	\$ 174,788	\$ 180,420	\$ 194,716	\$ 192,664	\$ 195,502	\$ 201,005	\$ 195,527	\$ 208,095
Total net debt applicable to the limit as a percentage of debt limit	- %	- %	- %	- %	- %	- %	- %	- %	- %	- %

Legal Debt Margin Calculation for Fiscal Year 2006

Total assessed value	\$ 1,734,127
Debt limit (12% of total assessed value)	208,095
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	\$ 208,095
Legal debt margin	

CITY OF BOUNTIFUL
Pledged Revenue Coverage
Last Ten Fiscal Years
Table 14

Fiscal Year Ended June 30,	Revenue Bonds				Special Assessment Bonds					
	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Coverage	Special Assessments Collections	Debt Service		Coverage		
						Principal	Interest			
Revenue Bonds - Governmental Activities										
1997	\$ 15,333	\$ -	\$ 15,333	\$ -	\$ 156,853	0.10	%	\$ -	\$ -	% -
1998	232,328	-	232,328	63,000	213,425	0.84		-	-	-
1999	338,072	-	338,072	315,000	253,565	0.59		-	-	-
2000	339,953	-	339,953	395,000	246,647	0.53		-	-	-
2001	343,007	-	343,007	415,000	226,222	0.53		-	-	-
2002	312,643	-	312,643	806,000	188,175	0.31		-	-	-
2003	310,949	-	310,949	164,000	147,374	1.00		-	-	-
2004	323,428	-	323,428	173,000	272,318	0.73		70,000	115,570	1.06
2005	551,057	-	551,057	373,000	261,746	0.87		148,000	115,252	1.04
2006	590,501	-	590,501	479,000	246,092	0.81		152,000	111,463	0.69

CITY OF BOUNTIFUL
Demographic and Economic Statistics
Last Ten Fiscal Years
Table 15

Fiscal Year Ended June 30,	Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income	Number of residents 18 years and older (1)	School Enrollment (3)	Unemployment Rate (4)
1997	40,750	\$ 728,352	\$ 17,874	26,484	10,569	2.40 %
1998	40,119	803,468	20,027	26,074	10,751	2.70
1999	40,427	827,650	20,473	26,274	10,948	2.60
2000	41,301	884,860	21,425	26,842	10,713	2.60
2001	41,986	927,060	22,080	27,287	10,715	3.30
2002	42,534	894,915	21,040	27,643	10,710	4.20
2003	43,076	882,488	20,487	27,995	10,457	4.20
2004	43,323	909,849	21,002	28,156	10,151	3.90
2005	43,449	909,037	20,922	28,238	10,281	3.40
2006	43,350	N/A	N/A	28,173	10,234	N/A

N/A = Data not available.

(1) U.S. Census Bureau, Wasatch Front Regional Council and City estimates.

(2) Utah State Tax Commission.

(3) Davis School District/St. Olaf's School.

(4) U.S. Department of Labor -All rates are annual except for the final year which is rate at June 30, 2006.

CITY OF BOUNTIFUL
Principal Employers
Current Year and Nine Years Ago
Table 16

Taxpayer	2006				1998			
	Employees	Rank	Percentage of Total City Employment		Employees	Rank	Percentage of Total City Employment	
Hospital Corporation of Utah	500 - 999	1	7.68 - 8.62 %		N/A	N/A	N/A	
South Davis Community Hospital	500 - 999	2	7.68 - 8.62		N/A	N/A	N/A	
BCBU, Inc.	250 - 499	3	3.84 - 4.31		N/A	N/A	N/A	
City of Bountiful	250 - 499	4	2.84 - 3.08		N/A	N/A	N/A	
Bountiful High School	100 - 249	5	1.72 - 1.91		N/A	N/A	N/A	
Viewmont High School	100 - 249	6	1.72 - 1.91		N/A	N/A	N/A	
Dick's Market	100 - 249	7	1.72 - 1.91		N/A	N/A	N/A	
Smith's Marketplace	100 - 249	8	1.72 - 1.91		N/A	N/A	N/A	
WSI Personnel	100 - 249	9	1.72 - 1.91		N/A	N/A	N/A	
Developers Investment Company	100 - 249	10	1.72 - 1.91		N/A	N/A	N/A	
Total	2,015 - 4,391		32.36 - 36.09 %		-		-	

N/A = Data not available.

CITY OF BOUNTIFUL
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years
Table 17

Full-time Equivalent Employees as of June 30										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Department										
General Fund										
Legislative	6	5	6	6	7	6	6	6	6	6
Legal	3	3	3	3	3	3	3	3	3	3
Executive	2	2	2	2	3	2	2	2	2	3
Information Systems	4	4	4	4	4	4	4	4	4	4
Administrative	5	4	5	5	6	6	6	6	6	6
Treasurer	11	10	8	7	8	7	8	9	8	8
Government Buildings	2	2	1	0	1	1	2	2	2	3
Police	79	84	98	81	89	86	89	85	84	88
Fire (1)	39	37	39	39	41	41	40	38	0	0
Streets	25	27	26	25	25	22	21	21	20	21
Engineering	9	6	8	10	10	10	10	12	10	12
Parks	14	17	12	16	20	21	20	25	22	21
Planning	2	2	2	2	3	3	3	2	2	4
General Fund Total	201	203	214	200	220	212	214	215	169	179
Enterprise Funds										
Storm Water	2	2	2	3	3	3	2	2	3	3
Water	18	19	21	18	17	20	19	17	17	18
Light and Power	43	41	42	46	46	46	54	48	48	51
Golf	34	35	36	41	41	43	45	45	44	46
Pools	72	84	81	83	83	88	86	86	73	65
Recreation	27	55	41	49	63	55	47	52	45	22
Ice Arena	26	36	32	35	48	31	34	30	33	33
Landfill	8	9	9	9	8	10	10	10	9	9
Sanitation	6	5	5	4	5	5	5	5	5	5
Cemetery	10	10	10	10	9	7	8	9	10	8
Enterprise Fund Total	246	296	279	298	323	308	310	304	287	260
Internal Service Funds										
Risk Management (2)	-	-	-	-	-	-	-	-	-	-
Workers Compensation (2)	-	-	-	-	-	-	-	-	-	-
Internal Service Fund Total	-	-	-	-	-	-	-	-	-	-
Redevelopment Agency										
Redevelopment Agency (2)	-	-	-	-	-	-	-	-	-	-
Total Positions	447	499	493	498	543	520	524	519	456	439

(1) Fire operations were transferred to South Davis Metro Fire Agency in December 2004.

(2) These departments have shared staff from the General Fund.

CITY OF BOUNTIFUL
Capital Assets Statistics by Function
Last Ten Fiscal Years
Table 18

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Fire protection:										
Number of stations	2	2	2	2	2	2	2	2	2	2
Sworn full-time fire fighters (1)	14	18	19	19	19	19	19	19	-	-
Sworn part-time fire fighters (1)	35	35	27	27	27	28	29	27	-	-
Police protection:										
Number of policemen and officers	33	33	33	33	33	33	33	34	34	34
Number of police reserve officers	8	10	6	6	6	6	10	10	10	10
Planning and Engineering:										
Number of street lights	1,986	2,000	2,002	2,045	2,077	2,099	2,104	2,108	2,112	2,119
Area (square miles)	12	13	13	13	13	13	13	13	14	14
Miles of streets	138	138	141	142	144	144	158	159	158	158
Public Services:										
Recreation and culture:										
Number of municipal parks	18	18	18	18	18	19	19	19	19	19
Number of municipal picnic areas	14	14	14	14	14	15	15	15	13	13
Number of municipal tennis courts	21	21	21	21	21	21	21	21	21	21
Number of municipal soccer fields	1	1	1	-	-	3	3	3	5	5
Number of municipal ball diamonds	10	10	10	10	10	10	10	10	9	9
Number of municipal golf courses	1	1	1	1	1	1	1	1	1	1
Number of municipal ice arenas	1	1	1	1	1	1	1	1	1	1
Number of municipal swimming pools	2	1	1	1	1	1	1	1	1	1
Municipal power plants:										
Number of customers	14,019	14,264	14,087	15,019	15,178	15,357	15,510	15,674	15,986	15,938
Miles of distribution lines	207	208	208	208	219	238	226	226	226	228
Municipal water plants:										
Number of customers	9,679	9,819	9,867	9,997	10,084	10,171	10,296	10,396	10,532	10,559
Miles of water mains	150	153	157	158	160	160	168	168	170	171
Storm Water Utility:										
Miles of storm water lines (excavated)	36	37	38	40	42	42	72	73	73	73
Miles of storm water lines (concrete lined)	3	3	3	3	3	3	4	4	4	4
Public Libraries (2)	1	1	1	1	1	1	1	1	1	1

(1) Fire operations were transferred to South Davis Metro Fire Agency in December 2004.
(2) Owned and operated by Davis County.

Miscellaneous Statistics - Most current information only

Date of Incorporation	December 14, 1892
Form of government	Manager
Election date:	
Registered (active voters), November 2005	26,557
Number of votes cast in 2005 local election	5,647
Percentage of registered voters voting	21.30%

CITY OF BOUNTIFUL
Operating Indicators by Program/Function
Last Ten Fiscal Years
Table 19

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Governmental:										
Ordinances passed	35	22	22	17	17	20	19	21	16	10
Resolutions passed	13	11	10	7	5	13	6	11	4	4
Public Safety:										
Hazardous citations written	N/A	N/A	N/A	2,314	2,204	2,236	1,745	1,817	1,765	N/A
Non-hazardous citations written	N/A	N/A	N/A	1,126	1,074	1,186	856	997	1,155	N/A
Arrests	N/A	N/A	N/A	1,516	1,206	1,855	1,843	1,675	1,214	N/A
Highways and Streets:										
Miles of street overlayed	3	7	6	N/A	N/A	9	9	N/A	8	7
Miles of street reconstructed	N/A	N/A	N/A	N/A	N/A	1	1	N/A	-	1
Planning and Engineering:										
Building Permits Issued	205	157	108	108	96	80	130	103	106	109
Municipal Water:										
Average daily gallons consumed	4,449,963	4,375,000	4,618,668	5,020,276	4,879,764	4,199,270	4,531,659	4,576,573	4,136,849	4,114,800
Municipal Power:										
Kilowatt hours sold	258,421,366	256,427,602	262,208,282	278,000,577	289,241,881	280,643,742	281,722,447	286,843,005	286,063,769	289,901,723
Storm Water:										
Miles of storm sewers inspected	N/A	N/A	N/A	N/A	N/A	N/A	7	7	7	7
Miles of streets cleaned	N/A	N/A	N/A	N/A	N/A	N/A	317	318	316	316
Sanitation:										
Tons of waste collected and landfilled	60,000	62,730	56,160	46,420	45,290	42,750	43,420	51,510	52,480	47,530

N/A = Data not available.

**BOUNTIFUL CITY
BOUNTIFUL, UTAH**

SUPPLEMENTARY REPORTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2006



Jensen & Keddington, P.C.
Certified Public Accountants

**BOUNTIFUL CITY
SUPPLEMENTARY REPORTS
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Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA

**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and
Members of the City Council
Bountiful City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bountiful City as of and for the year ended June 30, 2006, which collectively comprise the Bountiful City's basic financial statements, and have issued our report thereon dated October 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bountiful City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted matters involving the internal controls over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements.

For details of the reportable conditions, refer to the *Schedule of Findings and Recommendations* section of this report.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

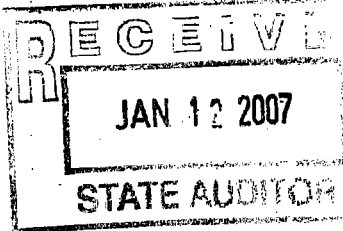
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bountiful City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, City Council and management of Bountiful City, the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Touren & Keddington

October 2, 2006



**AUDITOR'S REPORT ON
STATE OF UTAH
LEGAL COMPLIANCE**

Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA

Honorable Mayor and
Members of City Council
Bountiful City, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bountiful City, for the year ended June 30, 2006, and have issued our report thereon dated October 2, 2006. As part of our audit, we have audited the Bountiful City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2006. The City received the following major State assistance program from the State of Utah:

B&C Road Funds (Department of Transportation)
Liquor Law Enforcement

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Liquor Law Enforcement
B & C Road Funds
Other General Compliance Issues
Uniform Building Code Standards
Impact Fees

The management of Bountiful City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Bountiful City complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

Tensen & Keddington

October 2, 2006

BOUNTIFUL CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For The Fiscal Year Ended June 30, 2006

REPORTABLE CONDITIONS

Water Department Inventory

Finding

As part of our procedures to audit the water department we are required to have the Department take a physical count of the inventory on hand at the year end. In order to determine how accurate the count was we selected 45 items to recount and compared our count to the count performed by the department. Of the 45 items selected, 11 items were incorrectly counted. Because of the number of miscounts we required the Department to recount the entire inventory. During the second count we again selected items to recount to verify the accuracy of the count. We did not find any count discrepancies in this second count.

Recommendation

We recommend the Water Department keep the inventory organized and implement a system to constantly monitor and keep track of the inventory. We also recommend that management stress to the employees the importance of performing the physical count more accurately.

Miscellaneous Revenues

Finding

During our audit procedures related to the internal controls we noted that the departments listed below are billing and collecting different miscellaneous receivables and revenues outside of the normal Accounting and Treasury departments which has caused an improper segregation of duties. Proper segregation of duties usually requires that the employee who maintains the records related to an area should not be able to have physical access to that area, such as the employee who maintains the listing of accounts receivable should not be the employee who collects the money for that receivable. An employee with these two duties could easily embezzle money by simply adjusting the records to show the amount has been received and never deposit the money into the City's bank account. An even easier method would be to issue a billing but never record the corresponding receivable so when the money is received the employee simply takes the money.

The following is approximately the amount of money that these departments received for the fiscal year ended June 30, 2006 for the miscellaneous revenues:

Cemetery	\$295,000
Light and Power	260,000
Landfill	210,000
Streets	<u>46,500</u>
Total	\$956,000

Recommendation

We feel that creating a proper internal control environment while having decentralized billing and collecting systems at these departments is very difficult. We realize that the City has attempted in the past to address these segregation of duties problems. We, therefore, recommend that the City continue to work towards correcting these internal control issues.

BOUNTIFUL CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (Continued)
For The Fiscal Year Ended June 30, 2006

RESPONSE TO FINDINGS AND RECOMMENDATIONS

Water Department Inventory

This year's inventory was somewhat more disorganized than in previous years due to the displacement of some of our facilities in connection with the construction of the new Water Department building. Despite this fact, the miscounts should not have occurred and are most likely the result of carelessness of some of the counting personnel.

We will implement two things to improve the inventory process in the future. First, the new building, currently under construction, includes design features that will provide for better inventory storage and management. As the inventory is transferred into the new facility, it will be reorganized to minimize the kinds of problems previously experienced. We also plan to adopt some of the procedures used by the Power Department (such as written forms and written instructions to counters) to develop standards for future inventory reporting.

Secondly, our procurement this year of a new facilities management software package that includes inventory management should enable better monitoring and tracking of inventory items. The Construction Supervisor and the Office Manager will have the primary responsibility for the inventory management.

Miscellaneous Revenues

This concern should be addressed in two components, one being the use of technology for the proper and complete billing, accounting for, and collection of the accounts receivable, and the other being the segregation of duties related to those same functions. In regard to technology and the billing, accounting and collection functions, approximately two years ago the City obtained an accounts receivable subsidiary ledger and billing software package (from New World Systems). We have been implementing and trying to improve the system since that time. The City recently put another software program (Wasteworks) in place, which allows the Landfill to capture the needed data for billings to commercial and other haulers. Once Landfill personnel provide such data, a separate employee at the Street Department will review the information and process the billings, which billings will state that all remittances should be made to the Treasurer's office where payments will be applied to the outstanding receivables. This software will also be adapted to accommodate the recording and billing of the receivables for street openings and repairs. With the necessary data lines now in place, City personnel are in the process of setting up a remote computer and receipt printer at the Cemetery. That computer will have access to the City's accounting system in order for transactions to be immediately recorded and receipted. We will also be implementing computerized accounts receivable procedures at the Light and Power Department in the next few months.

In regard to the segregation of duties, as noted by the auditors, the decentralized nature of several City functions makes it very difficult to be sure that accounts receivable balances or even all sales transactions are recorded in their entirety. The only way to accomplish this is to continue our efforts to better segregate the responsibilities of billing, collecting, and recording the purchase and payment activity in the areas noted. The greatest exposure at the Cemetery is not in their accounts receivable, but in the daily handling of cash transactions by one person, in an isolated environment, without a second person to review and/or verify their work. The best internal control over such a situation is to have the payments handled at City Hall by the Treasurer's department. Since this is not practical from a customer service standpoint, the best we can do is to continue implementing a computer-based receipting system with periodic internal audits of processes and other data. Accounting and Treasury personnel will recommend that all other cash and collection functions, where customer service will not be compromised by centralization, should be handled at the Treasurer's Department in City Hall.